



The budgets of Diocletian

BY SAMUEL BRITTON

DURING my recent visit to Rome, I happened to have a room overlooking the remains of the Baths of Diocletian. These are extensive and well preserved and now house the Roman National Museum, as well as a Michelangelo church, not to speak of a cinema and a wax-works. My location prompted some reflections on this remarkable emperor who reigned from 284 to 305 AD; and then did the unheard of thing of abdicating and living on for nine years at a palace on the Dalmatian coast.

It is indeed somewhat surprising that the Roman Baths should have been named after him. Diocletian was a pioneer of many developments, including devolution; and he himself resided in Nicomedia in Syria. Some historians believed that he visited Rome only once, in the penultimate year of his reign, when he presented Rome with a Triumph, which was the last the city was to see.

Historians

Nevertheless, subsequent historians have not dealt kindly with Diocletian, first because of his persecution of the Christians, and more recently because he was the author of the most extensive wage and price controls of Antiquity, the Edictum de Pretiis of 301. But he was responsible for much else besides. He was the author of more than 1,200 Edicts and enormously enlarged the Civil Service. He was a pioneer, among other things, of the annual Budget, which is why he is celebrated in this column to-day.

It is not very plausible to suggest that inflation was the "enemy from within" which opened the door of Imperial Rome to the barbarians. A much more likely candidate is the high annual Budgets. According to Professor Finlay, the population during the reign of Augustus, free and unfree, produced just enough to maintain themselves, together with the aristocracy, the court, and the urban plebs. Each element in this fragile balance deteriorated in the following centuries. The barbarian threat increased, owing to migration in Eastern Europe and Asia, and this led to Diocletian's doubling of the army. The population fell, but side by side with a manpower shortage was a growth in the size of the plebs receiving free grain distributions. Over 100,000 citizens received them in Rome, readiness to resort to compulsion and Constantine added another sion to overcome this lack.

TV Radio

TUESDAY MARCH 28
+ indicates programme in black and white.

BBC 1

6.40 a.m. Open University (UHF only). 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Bod. 3.15 Budget. 7.71 including Budget Summaries at 4.30, 5.00, 5.30.

5.40 News.

5.55 Nationwide (London and South East only).

6.20 Nationwide.

6.50 Dad's Army (London and South East only).

7.20 The Waltons.

8.10 Warship.

9.00 News.

9.25 The Budget: The Chancellor of the Exchequer Rt. Hon. Denis Healey, MP, for the Government.

9.35 The Price of Coal.

10.50 To-night.

11.30 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—5.55-6.20 p.m. Wales

To-day. 7.15 Glas Y Dorian. 7.45-8.15 To-morrow's World.

Midlands—5.55-6.20 p.m. Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 6.50-7.20 Porridge.

11.30 News and Weather for Scotland.

Northern Ireland—5.55-6.20 p.m.

Scene Around Six. 6.30-7.20 In

Tune: medieval to electronic music.

11.30 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands' To-day (Birmingham); Points West (Bristol); South to-day (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich); Look North (Leeds, Manchester); Look Get Up and Go; North East (Newcastle) Platform VI; North West (Manchester); Music Is My First Love; South (Southampton); South West (Plymouth); Peninsula; West (Bristol) Krek.

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Danish double bill

by MAX LOPPERT

part of the season of about operatic and musical composer, Ib Nørholm. The Royal Danish Academy of touch of exoticism not pursued by Alessandro Magnasco to life, ave two performances at the music. Between much filling the mouths of its inhabitants with suspense, some operatic abstractions after Michel Butor interspersed with Blake's *The Gates of Paradise*. The composer and his librettist, Paul Béart, have shaped the piece in 20 linked scenes, the music a sheaf of small forms with frequent recourse to parody or perhaps more sincere imitation (much half-digested Stravinsky, snatches of Weill and Classical pastiche, essays in *Straussian calligraphy*), mirrors the surreal movement, or non-movement, of the actions on stage.

The opera provides a large singing ensemble with both solo parts and chorus activity, and it was wholeheartedly undertaken. But the air of half-hearted avant-gardism, the inability to discover any kind of dramatic momentum, and the paralysing uncertainty of intention—or was the intention solely an exercise in modern clichés? Doored the most devoted ensemble work. Of the three nominal leads, Mikael Melbye displayed a baritone of striking power and certainty—he was also intriguing though the glimmer is that we have of this other world, it remains as remote, as alien to our experience and sensibility, or so it seems at first, as the Egypt of the pharaohs, or Hollywood before the War.

And yet these same prints, that slipped through to the West only late in the last century, and sent at that not always for their own sake, but too frequently merely as a protective wrapping for porcelain, just as much waste-paper, had an immediate and powerful effect, a seminal influence over subsequent developments in the modern movement: an influence indeed that is felt in some quarters to this day. At a moment when in certain important instances eyes were suddenly newly alive to other than the sophisticated pictorial conventions of the post-Renaissance, they demonstrated the particular virtues of line and pattern, and a flattened, simpler perspective and formal description; and they did so, moreover, by means of an austere and difficult medium, the limitations of which were transcended with astonishing and stimulating technical brilliance. The acceptance and exploitation of the flat surface, which they show so clearly, became one of the staple pre-occupations of modern painting.

Kitagawa Utamaro was perhaps the very greatest master of this peculiar Art, and practised in its finest hour, towards the end of the 18th century. Understanding and accepting the constraints of the co-operative technique of the wood-cut, and

For the second half, an opera in English had been specially credited with the attractively spare designs for *Le Chœur*.

London Town Hall

Les Vêpres siciliennes

by ELIZABETH FORBES

Chelsea Opera Group, sounds, would have added tenor and baritone were well-matched.

Edouard de Berlioz, has without weakening the fanaticism of Procida's devotion to his country. Recently the is made something of a of those works, settings b texts by Italian com- much of the opera, it is true, the Governor shows the more clement side of his nature, but his reputation for cruelty and tyranny cannot be ignored. Among the smaller roles, all competently sung, Edgar Charlesbols as Robert and André Hoclet as Béthune deserve mention. The COG Chorus began the evening in genuinely moving music, was expressively sung. Adrian de Peyer, though taxed to the limit by Henri's music, managed the heroic aspects of the role very creditably, but at the expense of more lyrical moments when his tone was apt to thin. In balance or a careful ensemble between voices and orchestra.

Elizabeth Hall

Joseph Kalichstein

by DAVID MURRAY

Joseph Kalichstein's latest London recital formed part of the third afternoon piano series, and he maintained the standard admirably. He bears the distinguished stamp of his teachers, Edward Steuermann and Ilona Kabos; that was evident at once in the Beethoven Sonata with which he began—the oddly constructed F major one, op. 54. The opening minuet was easily tongue-in-cheek, deliberate but not overstressed, and the subsequent streams of octaves bubbled tirelessly. The Allegretto was not a moto perpetuo stilt, but had a fine even glow, properly *dolce*. Vintage Beethoven-playing, in fact. Schumann's *Kreisleriana* fairly care for French vowel swarmed with *Imigkeit*, slightly

at the expense of its more vivacious components: the third and fifth pieces fluttered loosely, unmoved by any clear rhythmic plan and Kalichstein seems convinced that when Schumann writes staccato he must mean something else. In the closing Mendelssohnian rondo the off-beat semiquavers were hardly detectable, and so their sudden aggressive development in the "Mit aller Kraft" episode sounded like a foreign intrusion. But the long-breathed sweetness of the slower pieces was drawn out with flawless sympathy, and from them the whole performance took its bearings.

In Kalichstein's hands the Sixth Sonata of Prokofiev sounded more purely musical than usual. Its basilisk glare was softened without its urgency being much reduced: inner parts were tactfully brought out, the repellent coils of the lentoissimo *Walz* relaxed and varied, the fraught *Finale* ruminatively explored. The *Scherzo* was all winking half-lights, a particular success. If Prokofiev intended a gauntlet to be more violently flung down, Kalichstein suggested persuasively that a thoughtful indirectness may serve as well. His fingers are fleet, but not steely; he knows how to make a glove fit his own hand.

The St. Magnus Festival

The first St. Magnus Festival will be held in St. Magnus Cathedral, Kirkwall, Orkney, from June 18 to 21. The Festival opens with the premiere of a new opera by Peter Maxwell Davies, *The Martyrdom of St. Magnus*, based on George Mackay Brown's novel *Magnus*, dealing with the 12th-century saint who became patron saint of Orkney. The opera, conducted by the composer, will be performed by The Fires of London, who will also give a concert of music composed or arranged by Maxwell Davies the following evening. Other events include a concert by the Edinburgh Quartet, various recitals, and music for dancing by the Hamnavoe Band and the Orkney Strathspey and Reel Society.

The performance of *The Martyrdom of Saint Magnus*, commissioned by BBC for the Queen's Silver Jubilee, is a BBC Invitation Concert, to be relayed by BBC Scotland later in the year. The first London performance, to be broadcast live, will take place during the Proms at the Round House on July 26. It is hoped the Festival will become an annual event, and Maxwell Davies is composing an opera, *The Two Fiddlers*, based on a local legend, for the 1978 Festival, which will be performed entirely by pupils of Kirkwall Grammar School.

This afternoon the Chancellor announces his Budget, with decisions that will directly effect everyone in this country.

Tomorrow the most authoritative voice on financial affairs analyses all the implications in full. The Financial Times' team gives you its usual in-depth appraisal of every aspect of the Budget, how it will affect business, industry, the economy, personal and family finance.

So if you want more than the bare facts, turn to tomorrow's Financial Times first. Make certain of your copies now.

Wildenstein

Kitagawa Utamaro

by WILLIAM PACKER

ingly at first, they call to mind the contemporary pre-Revolutionary art of France, and the delicate hedonism of Boucher in particular.

And so we see with Utamaro, just as with Boucher, that an insistent sensuality inheres in the very substance of the work, quite independently of whatever is depicted. But when we come to consider the subject-matter, the sensuality becomes overt, explicitly so, and a sympathetic comparison with Boucher, with his delight in silk and roses, pink flesh and languid, writhing bodies, reinforced.

None of the prints shown here is as baldly erotic as some of Utamaro's other, indeed some of his best work, but we take the point nevertheless. His beauties, the great courtesans of the Yoshiwara, the separate pleasure quarter of Edo, with its teahouses, bath-houses and bordello, move through their days and nights, from the hour of the hoot to the hour of the tiger, attended by their retinues of lovers, musicians, actors and servants, all dressed and coiffed, dressed and undressed, by their maidens, amused by their children and consoled by each other. Alone they re-arrange their hair and clothes, gaze into the mirror, write their letters, or simply relax in a luxury of dishevelment.

And all this while Utamaro is up to his technical and formal games, whether it is to put a shadowy figure behind a screen, drape her with a transparent veil, or just to hint, by the faintest nuance of the line, at the soft, rounded body beneath the dress. His sense of composition is as sure as it is adventurous, apparently so simple yet growing ever more complex and absorbing the more it is considered.

Our eyes are taken back and forth across the page by the confident and vigorous line and the broad sweeps of colour and pattern, suddenly checked by the sharp edge of screen or door, or by the still and extraordinary silhouette of head and hair, and then off again. We move into the space, drawn on by the perspective, and by the figure beyond, half hidden by screen and furniture, or the shoulder of her friend, only to be brought up short and cast out by a mirror or another screen. We are made to explore an intricate pictorial maze, that traps us unawares, exercising the eye while beguiling the imagination. None of these lovely things need an explanation, and he is a poor man who cannot enjoy a picture of a pretty girl; but nothing was ever made less interesting by thought and careful scrutiny. Utamaro's world, like Alice's, grows curioser and curioser.



Utamaro: Yatsuya of the Washiya (c. 1795)

ever pushing and stretching at ages command attention across a gentle conspiracy of pink, grey, and white. They are irresistible and we must they present nothing less than a picture of a pretty girl; but nothing was ever made less interesting by thought and careful scrutiny. Utamaro's world, like Alice's, grows curioser and curioser.

Whitehall

In The Red

by MICHAEL COVENEY

June sunshine spills through the conservatory into the pleasantly furnished drawing room of a large house in the stockbroker belt. A popular playwright who has written nothing for 18 months gathers his family around him to devise the humiliation of a new bank manager who is about to arrive with complaints of a £10,000 overdraft. David Clifton's plight could be worse: at least the house is worth £10,000, and there are three cars in the driveway. But David likes to gamble and strong objects to both sacrificing his life-style and acting as "a poor man's MP" by paying off the Government's debts with his own.

Such is the setting for William Douglas Home's new comedy, and as usual, it is likely to strike a chord with an aristocratic, well-heeled audience disposed to laugh at the problems of an upper middle-class household facing the pinch. Even Primo, the Italian houseboy, of whom they are all so fond, may have to go. But not if David's plan succeeds: and that involves obtaining a photograph of the bank manager in a compromising position with either his wife or daughter. It matters not.

The execution of this plan is ponderously achieved with the help of fixed telephone calls and large amounts of alcohol. But just before the interval, the plan is exploded by the inevitable misfire trick: Bentworth picks up the telephone to learn that a "sick" relative to whom David is dashing away in order to leave the coast clear to an erotic encounter with Dinah Sheridan (the mind, as they say, boggles) is, in fact, raring to go on the golf course. But, like a good sport, he plays along, removes his trousers, even bares his bum (Lord, how they shirked in the front stalls!) and—wait for it—turns the tables on his humiliators in the feeblest, most ragged conclusion that I can recall in a long time.

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Festival Hall

Walton birthday concerts

by RONALD CRICHTON

The London Symphony Orchestra celebrated Sir William Walton's 75th birthday (which is the corresponding part of the Facade volume produced, it was not, for Walton's 70th birthday). One other, "Daphne," exists as a separate song-setting. It was a most curious experience to hear unfamiliar pieces in a familiar idiom, so like and yet not the same. They were omitted from the final accepted version, on grounds of overall length and the need for contrast. All of them, none the less, are worth hearing occasionally, some of them, indeed, as "Daphne," the short, snappy "March," and endearing "Whoo! Owl"—more often than that. What a shame that nothing else in later years apparently stimulated Walton's "private" vein of adventurous chamber-writing. Richard Bonynge was the regular, evidently brought up on the best models, leaning more to Edith Sitwell's hieratic moaning than to Constant Lambert's unfailingly rhythmic chanting, which was more helpful to words and music.

The English Bach Festival got in with a hastily-organised gathering at Plaisterers' Hall on Friday evening, when Charles Mackerras conducted the festival ensemble in a less than eight hitherto publicly unperformed numbers from Facade. Saturday, heady, heady, heady, establishing exactly when during the fruitful years from 1922-28 which of the pieces were written and performed. One of those given on Friday, "Herodiade's Flea," is included in facsimile from the Facade volume produced, it was not, for Walton's 70th birthday. One other, "Daphne," exists as a separate song-setting. It was a most curious experience to hear unfamiliar pieces in a familiar idiom, so like and yet not the same. They were omitted from the final accepted version, on grounds of overall length and the need for contrast. All of them, none the less, are worth hearing occasionally, some of them, indeed, as "Daphne," the short, snappy "March," and endearing "Whoo! Owl"—more often than that. What a shame that nothing else in later years apparently stimulated Walton's "private" vein of adventurous chamber-writing. Richard Bonynge was the regular, evidently brought up on the best models, leaning more to Edith Sitwell's hieratic moaning than to Constant Lambert's unfailingly rhythmic chanting, which was more helpful to words and music.

Tolly Cobbold art exhibition

The first Tolly Cobbold/Eastern Arts national open art exhibition opens at the Fitzwilliam Museum in Cambridge on April 1 and closes on May 1. Fifty-seven works have been selected out of a total of over 1,400 entries. Among the artists represented are Derek Boshier, Boyd and Evans, Robin Denny, John Hoyland, Patrick Hughes, Edward Middleditch and William Turnbull, but the exhibition includes unknown as well as known artists.

This exhibition results from an initiative from the Ipswich brewer, Tolly Cobbold, who envisaged a modest East Anglian open competition for the Constable bicentenary. This first idea has since developed into the nationwide open competitive exhibition, with prize money of more than £5,000 contributed by Eastern Arts, Tolly Cobbold and the Arts Council of Great Britain.

Outdoor activities include a daily programme of lunchtime entertainment on the Cathedral green and, at night, an outdoor stage will be built in the grounds of the Chichester Festival Theatre—after 10 p.m. entertainment will be provided by steel bands, jazz bands and folk groups.

A special Children's Day will combine with the City of Chichester's Jubilee Celebrations under the auspices of the City Council, all of which will comprise a massive event to take place in Oaklands Park. Action Space, Spaceplace, Jules Baker and the Shoreham Youth Workshop will exhibit dozens of "Inflatables" ranging from vast cathedral-like complexes to sixty-foot serpents.

The cost of the Festivities will be around £40,000 and the organisers expressed their gratitude to the Arts Council, local authorities and companies like IBM, Midland Bank, NatWest, Trustees Savings Bank, Amalgamated Industries, Metropolitan Pensions Association, Dexan International Radio, Victoria and Andry Montgomery for their generous support.

Who builds more jet engines and elevators than anyone else in the world?

Andreotti meets unions on wage indexation formula

BY DOMINICK J. COYLE

THE ITALIAN Prime Minister, Giulio Andreotti, was meeting union leaders tonight in an labour costs this year. How to find a formula for adjustment, the Government's package agreed with the Fund risks being defeated in Parliament if there is no compromise agreement with the trade unions.

It is likely that this potential impasse for the minority Christian Democrat Government was actually envisaged privately during the final round of talks between Ministers and the IMF mission headed by Mr. Alan Whittome, and the issue now is whether what the unions are prepared to offer on wage indexation will be acceptable to the Fund as an alternative to the so-called "sterilisation" of recent VAT increases.

This rise in indirect taxation is intended by the Government to compensate the Treasury for the purpose of determining threshold payments to workers.

The trade unions reject this, claiming that the "whole principle" on which the Italian brand of indexation is based would erode.

Union leaders are expected to put forward proposals of their own, including an agreement to abolish some "anomalies" in the existing threshold payments system and, in effect, to alter the weightings of some components of the cost-of-living "basket".

The Government's position is doubly difficult. The IMF, subject to formal approval, has agreed on a new \$530m. loan facility to Italy, but the support

The opposition of the unions to "sterilisation" is supported generally by both the Communist and Socialist parties, those that back in Parliament maintain Sig. Andreotti's minority administration in office. Thus the issue of indexation down, something, however, which the main opposition parties seem desperately anxious to avoid right now.

Both the Communists and the Socialists insist that they do not want another political crisis "in the dark" but they would like a more broadly-based administration when the special meeting of the National Defence Ministers last Friday supported AWACS in principle, but postponed a final decision until July 1 at the latest.

The domestic pressures in favour of Nimrod are now considerable and come from both Labour and Conservative parties, as well as industry.

On the other hand, there are counter pressures on the Government from NATO and especially the U.S. Mr. Mulley is understood to fear that if Britain rejects AWACS, the U.S. could retaliate by dropping, or at least severely curtailing, U.S. defence orders in Britain.

This could affect in particular the offset arrangements for the U.S. purchase of the Advanced Harrier AV-8B, but there are also some smaller projects such as the Hawker Siddeley Skyflash air-to-air missile which the U.S. is currently testing with a view to purchase.

There is some criticism in NATO that Britain is preparing to get out of AWACS at the very time when the Alliance as a whole—including the West Germans, who had previously been lukewarm—is beginning to commit itself to it.

The reason for the British haste is the funding of the Nimrod programme. This has already cost £14m. and present funding arrangements expire at the end of this week.

According to Mr. Duffy's statement yesterday, if the Government does choose Nimrod it will seek to make it compatible with an AWAC system used by the rest of the Alliance. Mr. Mulley proposed such a mixed system at the NATO meeting on Friday, but received no support.

The meeting was an unusually tough one with the British, blaming the other European members of the Alliance for delaying a final decision, and being blamed in turn for trying to force a decision too quickly.

U.K. aims for early decision on AWACS

BY MALCOLM RUTHERFORD

THE BRITISH GOVERNMENT hopes to take a decision on an airborne early warning system "within days rather than weeks". Mr. Patrick Duffy, Under-Secretary of State at the Ministry of Defence, told the House of Commons yesterday.

It is still not clear, however,

whether the decision will be in favour of the British system based on the Hawker Siddeley Nimrod, or the proposed NATO system known as AWACS. Mr. Fred Mulley, the Defence Secretary, reserved his position when the special meeting of the National Defence Ministers last Friday supported AWACS in principle, but postponed a final decision until July 1 at the latest.

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Lisbon makes formal application to join European Community

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, March 28

PORTUGAL to-day formally applied to join the Common Market. The Portuguese Ambassador to the Community, Sen. Siqueira Freire, there were three copies, one each for the EEC, Burton-in-Kent, and the Coal and Steel Community.

The application, addressed to the British Foreign Secretary, Dr. David Owen, was handed to their next Council meeting in Britain's Ambassador to the Brussels on April 5. They are

expected to review the whole question of further enlargement of the Community, including the admission of Greece and Spain, in greater detail at informal talks to be held at Leeds Castle in Kent on May 1.

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AMERICAN NEWS

Venezuela to sign \$1.2bn. Eurocurrency credit deal

BY HUGH O'SHAUGHNESSY

THE REPUBLIC of Venezuela will to-day sign a seven-year Eurocurrency credit with 111 banks for a total of \$1.2bn. Interest will be 1 per cent over London Interbank Offered Rate. The money will be used to help finance a number of public sector projects scheduled to be carried out under the 1976-80 development plan.

The plan foresees public and private sector expenditures of \$52.2bn.

The credit is claimed to be the largest ever raised internationally for a Latin American borrower and the terms the most favourable for several years. The loan is led by 18 banks, including nine U.S. institutions and nine from Canada, Japan and Europe. British banks are represented among the leaders by the Midland Bank group.

Commenting yesterday on the loan, which he called "a historic event for the developing world," the Venezuelan Finance Minister, Dr. Héctor Hurtado, forecast that it would be the last "jumbo" credit to be contracted by the

Venezuelan state for the foreseeable future.

The credit would go to finance the raising of Venezuela's steel-making capacity from 1.2m. to 1.5m. tonnes a year, the tripling of electricity generating capacity to 12m. KW, the expansion of aluminium production from 50,000 to 400,000 tonnes a year and similar major plans.

In future, however, Dr. Hurtado said, Venezuelan state corporations needing foreign loans for their development plans would be encouraged to enter the international financial market individually so that the creditworthiness of each could be established.

The Finance Minister emphasised that in his view Venezuela's budget deficit of \$32m. reported last week was "more apparent than real." It had occurred because the Government had transferred \$38m. to the account of the FIV, the state-owned Venezuelan Investment Fund.

Dr. Benito Raúl Losada, be completed on time by 1980.

Record monthly U.S. trade deficit

By Our Own Correspondent

WASHINGTON, March 25. THE U.S. trade deficit last month at \$3.87bn. was the largest ever recorded and once again reflected the price the U.S. is paying as oil imports continue to mount.

Last month oil alone cost the nation \$3.32bn., some \$180m. more than the month before. The rise partly reflected increased demand and partly the fact that prices increased by about 4 per cent in the period.

Overall imports of all products rose some 3.4 per cent to \$1.67bn. the third consecutive month that American imports have been over \$1bn. This increase was more than enough to cancel out the effects of a 2.2 per cent rise in exports, which were up \$9.31bn. compared to \$9.56bn. in January.

The Commerce Department said that exporters had been hampered by the cold weather in the second half of January but had increased their shipments of coal, chemicals, cotton and most agricultural products last month. In the longer term, however, analysts expect a significant fall in agricultural exports this year, partly because demand is weaker in the rest of the world and partly because of the drought in the U.S.

With the American economy continuing to improve, imports of all kinds of manufactured goods have continued to increase. President Carter is expected to stress at the London summit in May that the continuing trade deficits are a sign of U.S. good faith and that America is playing its part in the expansion of world trade.

A few years ago a deficit of this size would have caused considerable anxiety in an American administration, and although none is evident here yet, it is clear that concern will grow if other industrialised countries continue to have surpluses while the U.S. deficit increases.

Industry will be strongly encouraged to switch from natural gas and oil to coal. Two plans are under consideration. One would tax the industrial use of oil and gas, and the other would provide large tax incentives to encourage conversion to coal. However, the planned change will be gradual and not as large in scope as was once thought. Part of the reason for this is that the President appears to have been converted to the idea that nuclear power will have to play a much larger part in meeting the nation's energy needs than was suggested during last autumn's election campaign.

Meanwhile, the President is also likely to propose a multi-billion dollar revolving fund designed to finance a crash programme to improve insulation in the 30m. U.S. homes which are deregulated, and there may also be a move to abolish the present distinction between the prices of natural gas within states and the lower price charged for gas which crosses state lines.

At the same time, there is also likely to be a rise in the federal tax on petrol, although not by as much as 25 cents as was once suggested. Along with this increase, there is expected to be a new tax, perhaps as much as \$500, on large cars which do not meet certain fuel usage standards which are to be laid down.

This plan may be accompanied by a corresponding rebate on smaller cars, and there is also already appeared about what a plan to apply some kind of penalty to present owners of large cars, possibly through a

but they will have the effect of preparing the ground in above a certain size. The amount of this tax would vary according to the size of the car.

The first aim of the new package will also have to meet strict new energy efficiency standards, and there is likely to be a mandatory refundable deposit on cans and bottles to encourage consumers to return them. This would be designed to save the energy expended in producing throw-away containers.

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Court ruling aids pay-TV

BY JAY PALMER

NEW YORK, March 28.

AMERICA'S fast-growing pay television industry received a shot in the arm from a Federal Appeals Court ruling that effectively orders the U.S. Federal Communications Commission (FCC) to reconsider and repeal orders limiting and restraining coverage.

Unless reversed by either the Supreme Court or Congress, the court decision will inevitably open the way for pay-TV networks to show both older feature films and live sports events that are now effectively the exclusive right of commercial networks.

Specifically, the court ruled that the FCC would have great difficulty in justifying their current restraints on the permitted subject coverage of pay-TV. The court's restraints were designed to prohibit the pay-TV networks from siphoning off programmes now shown commercially.

Pay-TV has been growing rapidly in the U.S. and now reaches an estimated 1m. of the attempted to allow for the 1m. households with televisions, pact of any relaxation on the carried via satellite and micro-commercial stations.

MAC raises exchange offer

By Our Own Correspondent

NEW YORK, March 28.

NEW YORK City's Municipal Assistance Corporation (MAC), encouraged by an unexpected public response, this morning opted to increase the size of its exchange offer to \$400m. from the initial \$250m.

The MAC exchange offer, one of the key elements of the city's attempts to raise enough cash to pay off its \$1bn. of short-term debt, began last Friday. Before it started, there was considerable speculation that public response would be nil.

Under the terms of the MAC deal, public holders of city debt have been asked to exchange their investments on a dollar-for-dollar basis for high yielding 9% per cent 15 year MAC bonds. The legislative moratorium on all payments of the city debt imposed in November 1978 was reversed late last year by an appeals court, precipitating this repayment crisis.

Officials at MAC said that the public response to the offer last Friday was very strong.

Under the city's rescue plan, the MAC exchange was generally considered to be the weakest element. In view of the keen public response, New York City will effectively be able to retain in its coffers at least \$150m. that it would otherwise have had to pay out.

U.S. AGRICULTURAL WORKERS

Chavez gathers in the crop

BY MARK BLACKBURN IN LOS ANGELES

A BITTER fight between trade unions in Western U.S. agriculture has been settled by the signing of an agreement between the Teamsters Union and Mr. Caesar Chavez's United Farm Workers. Mr. Chavez has obtained the capitalisation of the Teamsters who are withdrawing from organising farm workers in the western U.S.

He has also opened the way to a form of co-operation between the two sides which could become a potent force nationally, if they can forget the bloody past. But first he has to deal with the growers whose labourers he must organise. According to the Western Growers' Association, to which most belong, some may try to persuade their workers, now that the Teamsters are going to vote for no union at all rather than for Mr. Chavez. Others, he believes, may attempt to outflank him by forming company unions.

In the meantime the Association has given the inter-union agreement a welcome tempered with apprehension. Since Mr. Chavez and the Teamsters will no longer be competing for members by outbidding each other on wages, the Association spokesman, Mr. Leslie Hubbard says, some upward pressure on wages and fringe benefits might be reduced. On the other hand the Teamsters might support Mr. Chavez's organising drives refusing to transport crops picked by non-union labour.

In any event, Mr. Chavez now has on his side a powerful law, the California Agricultural Labour Relations Act of 1975, which provides for farm workers to choose their union by secret ballot. Those growers who oppose him may only be able to delay his progress rather than to halt it.

Co-operation

Another 10,000 Teamsters were expected to come under his banner later, while 10,000 more may remain under Teamster contract indefinitely by the terms of the agreement. It is to have a life of five years, and in two years' time the parties are to attempt to negotiate a national agreement which would extend the Western solution throughout the U.S.

But for the moment it is California that really matters. Mr. Chavez will have his hands full this year and perhaps next, in putting his decimated union together again. As he does so,

he may receive aid from the Teamsters and come to their assistance if required.

"We're going to have co-operation between the two unions," Mr. Chavez said, "particularly in the area of legislation. If they are organising a frozen-food co-operative or a cannery, we'll be glad to help." Reminded that he had often accused the Teamsters of signing collusive "sweet heart contracts" with the UFW, and required only that the men supplied join the Teamsters Union and pay Teamster dues.

Mr. Chavez and the Teamster leaders said that the agreement would take effect gradually as existing Teamster contracts expire. By the end of the year, Mr. Chavez said, he expects to have 40,000 members in the UFW.

Mr. Chavez has reached this point at the end of a long road which began with the first UFW strike in the table-grape vineyards of Delano in 1967. Unlike others who had tried to organise farm workers before him and failed, Mr. Chavez chose his ground well. Refusing to dissipate his efforts by organising everyone, he picked a crop-table grapes—which was concentrated in a small area, was highly labour-intensive, and had a long growing season.

Even so, the strike was a failure: the growers were able to bring workers back to the fields as fast as Mr. Chavez pulled them out. He then turned to the international boycott of grapes at the stores where they were sold, successfully putting pressure on the growers until they

gave in and signed with the UFW in 1970.

But the growers became restive and turned to the Teamsters as UFW contracts expired in 1973. They disliked the union officials from which they had to secure their men under the UFW contracts; the Teamsters let them return to the ancient system of labour contractors, hated by the UFW, and required only that the men supplied join the Teamsters Union and pay Teamster dues.

Mr. Chavez referred to the 3,800 who were jailed in that year, mostly Chavistas, or the 300 who were hospitalised, 60 of them with gunshot wounds, or the Chavez picket who was killed by a rifle shot from a passing truck.

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OVERSEAS NEWS

Bhutto may lift emergency if opposition takes seats

BY DAVID HOUSEGO, ASA CORRESPONDENT

ISLAMABAD, March 28

MR. ZULFIKAR ALI BHUTTO, the Pakistan Prime Minister, has used Indian references of the look into complaints. Mr. Bhutto, however, made no emergency if the opposition declared during the Indo-Pakistani war major new political initiative as had been anticipated yesterday. Officials close to the Prime Minister to-night said that, in refusing to budge from the stance

The offer—apparently an improvement response to the relinquishment by the new Indian Government of its emergency powers—marks another attempt by Mr. Bhutto to break the political deadlock which has resulted from the refusal of the opposition Pakistan National Alliance (PNA) to accept the result of the general elections this month. The opposition alleges widespread ballot rigging by the Government. The effect of lifting the emergency would be to free several thousand political prisoners detained under the Defence of Pakistan Act.

But he made it plain that he would only "consider" such measures if the opposition gave categorical assurance that they would "behave constitutionally, democratically and legally," and call off their agitation and movement to violence.

Mr. Bhutto's offer came in a long, rambling inaugural speech that there was a reasonable chance that some of the opposition leaders would accept a dialogue. "It is by no means an open question," he said, adding that parallels with India's momentum of its campaign and long-standing of its rural areas.

The Jana Sangh favours a strong centre, as it has done for 30 years, and has suggested that all State boundaries be scrapped and replaced by four zones. Can the Jana Sangh, a dominant group in the Janata Party, easily forget this when the southern Congress States are a southern Congress States is committed to giving priority to agriculture, but socialist members of the party will follow a non-aligned line. Minister seeking a way to the south, the Congress Government in nearly all the States, that the friction between them and the central Government is reduced to a minimum. It will require skilful political manoeuvring either to get the Government to agree to voluntary early elections or to replace them by defections from the Congress. Sources close to Mr. Desai say he wants State elections completed before the monsoon sets in. Obviously, he is also thinking of the Indian presidential election in August. The President is elected by members of Parliament and by the State legislatures. Under their present composition, the Janata candidate would lose.

This is probably why Mr. Desai wants elections to States as soon as possible, even though most of them are not due for a year. He obviously hopes that the Janata Party will oust the Congress Government in nearly all the States, that the friction between them and the central Government is reduced to a minimum. It will require skilful political manoeuvring either to get the Government to agree to voluntary early elections or to replace them by defections from the Congress. Sources close to Mr. Desai say he wants State elections completed before the monsoon sets in. Obviously, he is also thinking of the Indian presidential election in August. The President is elected by members of Parliament and by the State legislatures. Under their present composition, the Janata candidate would lose.

Under the terms of the MAC deal, public holders of city debt have been asked to exchange their investments on a dollar-for-dollar basis for high yielding 9% per cent 15 year MAC bonds. The legislative moratorium on all payments of the city debt imposed in November 1978 was reversed late last year by an appeals court, precipitating this repayment crisis.

The MAC exchange offer, one of the key elements of the city's attempts to raise enough cash to pay off its \$1bn. of short-term debt, began last Friday. Before it started, there was considerable speculation that public response would be nil.

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JEP/1977

WORLD TRADE NEWS

utch gas
serves
ecline

Michael Van Os

AMSTERDAM, March 28.

DUTCH natural gas—onshore and offshore, and unproven—amounted

6.9bn. cubic metres on

1, 1977, of which the

onshore Groningen field

had for 1,770.9bn. cubic

according to State Geo-

Service (SGS) figures

by the Dutch Economics

in The Hague.

figures reveal that, for the

since the giant Dutch

covery in the late 1960s,

reserves actually dropped

.

Industry added that of the

erves, only 376.4bn. cubic

the Continental Shelf

the Groningen field still

for around three-

of total Dutch reserves

exports about half of

a production to several

such as Belgium, Ger-

many and Italy.

ministry, publishing de-

letter to Parliament

otherwise confidential

om the SGS, added that

ation has so far con-

on the most promising

. "But, with a few

, the gas fields located

only been of a very

it is added.

ministry added in the

at regular intervals to

es from major finds in

years must, therefore,

considered non-realistic."

ated that, compared with

on January 1, 1976,

ich reserves have de-

at least 3 per cent, or

80bn. cubic metres.

Onshore reserves de-

by 108bn. M3, while

al Shorif reserves were

ut 27bn. M3. The main

the decline in last

erves is the year's pro-

which was high at at

bn. M3.

GS pointed out in its

ably constant" charac-

reserves in the period

as now come to an end

to its natural gas

lland is now the only

Market country besides

man which enjoys a

of payments surplus.

expects

sales rise

PORTS to Holland are

to exceed the \$5bn.

the current year accord-

annual report of the

Chamber of Com-

the Netherlands. Ex-

olland should rise by

at this year, it forecast

hambur's report, pub-

. The Hague over the

ays that U.S. exports

reached \$4.6bn. in

increase of over 11 per

the year before. Among

registering substantial

were nickel (100 per

chemicals (up 37 per

ports of aircraft, which

heavily declined by

11 to \$119m.

exports to the U.S.—

petroleum products—

\$1.14bn., so that the

plus in favour of the

again reached a new

level of about \$3.5bn.

e Chamber points out

ighest with any trade

the U.S. It also added,

that the rate of the

to the dollar hampers

petitiveness of Dutch

in the U.S. market

merican Chamber com-

whereas prospects

ther development of

ween the two countries

tinue to be good

's attractiveness for

ment has considerably

" It is particularly

to proposed legislation

according to the Ameri-

lovers in Holland, who

biggest group of foreign

here would "lead to

control and managerial

in business decisions."

ing the uncertainties

utch social and political

this election year, the

officers also point out

according to official

the cost of labour in

has continued to in-

n 1976 not only at a

gher rate than produc-

ut even more than the

the cost of living.

United Arab shipping line starts up this week

BY ROY ROGERS

A POTENTIALLY major development in Middle East 24 ships on order from Scottish shipyards for Kuwait although the possibility of expanding into container and roll-on/roll-off traffic is being considered.

At present, no other Gulf State is supplying any vessels. But the financing of the new concern is by way of five equal shares of 19.3 per cent. from the United Arab Emirates, Iraq, Qatar, Kuwait and Saudi Arabia, with the remainder coming from Bahrain.

Presently Kuwait Shipping trades between the Gulf and Europe, Japan and the U.S. This may allow the Gulf States to move towards some scheme of preferential treatment for Arab lines.

Scott Lithgow contract

BY OUR SHIPPING CORRESPONDENT

SCOTT LITHGOW, the Lower "an important addition to our Clydebank shipbuilder, has been building programme." With accommodation for 152 passenger and cargo ferry by the deck and cabin passengers, the ship is designed to operate on the Gambia River between Banjul on the Atlantic Coast and Gambi. The vessel will be built at the company's Ferguson Brothers shipyard which specialises in small Basse. Up to 15 per cent. of the building is being funded by the May 1978. Mr. Ross Beitch, Scott Lithgow's managing director, part of Britain's aid programme.

The UASC fleet will comprise 37 vessels currently owned by

MONTEDISON of Italy and catalysts—the creation of res-Petrofina of Belgium have now due which subsequently have to be removed. given the go-ahead for their removal. projected 150,000 tonnes per year polypropylene plant to be itself as the fastest-growing of the major plastics polymers and has found a wide range of applications from carpet backing, and extrusions for automotive parts, to packaging film. Usage is predicted to grow at around 15 per cent. per year until 1980 and beyond, but Montefina will be bringing its new plant on stream at a time when a large amount of new capacity will be available in Europe.

Scotch exports rise by 12%

Financial Times Reporter

SCOTCH WHISKY exports in the first two months of 1977 rose 30.6 per cent. in value to £77.4m. and 12 per cent. in volume to 14.8m. proof gallons last year. Within the overall total, blended whisky shipped in

bottle showed a 34.6 per cent. increase in value to £67.5m. and a 17.8 per cent. volume to 11m. gallons. Bulk-blended whisky shipments rose 16.8 per cent. in value to just under £m. while the volume increase was 3.8 per cent. to 2.9m. gallons.

Nippon Steel holds world lead

BY ROY HODSON

NIPPON STEEL held its position prove production from the cated by the very few changes as the western world's biggest in the world steelmaking league positions between 1976 and 1977. The corporation's hopes were dashed by the continuing tonnes more than U.S. steel which continued an number two in the world steelmaking league with 25.7m. tonnes.

British Steel held its place as the third biggest steelmaker. The State-owned British company previous financial year.

The lower-than-forecast production has also robbed British Steel of the opportunity of moving back into profit.

The corporation is expected to record a loss of the order of £100m. for some 30 western nations.

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ICI £35m. fertiliser boost

By RHYS DAVID, CHEMICALS CORRESPONDENT

A further expansion of ICI's fertiliser manufacturing facilities at Billingham, Cleveland, is to be undertaken by the group at a cost of £35m. to keep pace with increased demand in the 1980s.

A new plant is to be built with an annual capacity of 430,000 tonnes a year of Nitram ammonium nitrate, the basic constituent of nitrogen-based fertiliser.

A second associated plant is also planned to manufacture 250,000 tonnes of nitric acid, a raw material used in ammonium nitrate production. Both plants are due to come on stream in 1979.

ICI, which says the plans show its confidence in the future of British farming, has been criticised recently for its dominance of U.K. fertiliser manufacturing.

Pardoe warning: adopt our ideas

By Richard Evans, Lobby Editor
MR. JOHN PARDOE, the Liberal economic spokesman, warned Ministers last night that his party would want to see many of their ideas contained in the Queen's Speech for the next session of Parliament in the autumn.

"We give notice to the Government here and now that we have not come along just for the ride—we are in the business to get things done," he said.

Mr. Pardoe insisted, in a speech in North London, that the pact between the Government and the Liberals was more than a survival kit, and if Labour had run out of a legislative programme the Liberals would have more than enough for both parties.

His comments, clearly aimed at persuading fellow Liberals to realise the significance of the pact, will come as a minor embarrassment to Mr. Callaghan, who still faces some criticism from his Left wing for entering into the agreement. But Ministers accept that the Liberals have to make the maximum impact they can.

After talks with Ministers on the setting up of the machinery for consultation, Mr. David Steel the Liberal leader, yesterday announced the names of his Shadow administration which will liaise with the Government on a wide range of policies.

There are very few changes from the previous line-up, and Mr. Steel will continue to supervise devolution policy in an attempt to counter adverse reaction in Scotland to the party's opposition to the Government guillotine on the Scotland and Wales Bill.

His Shadow administration is: Race relations: Lord Averbury. Social services: Lord Banks. Chief Whip and Education: Mr. Alan Beith.

Leader in the Lords: Lord Byers.

Northern Ireland and Broadcasting: Mr. Clement Freud.

Energy and the Law: Mr. Emyr Hooson.

Wales and Agriculture: Mr. Geraint Howells.

Scotland and eventually devolution: Mr. Russell Johnson.

Without portfolio: Lord Mackie.

Treasury: Mr. John Pardoe. Transport and Environment: Mr. David Penhaligon.

Housing and Local Government: Mr. Stephen Ross.

Prices and Consumer protection: Baroness Seear.

Employment: Mr. Cyril Smith.

Foreign and Commonwealth Affairs: Mr. Jeremy Thorpe.

Trade and Industry: Mr. Richard Wainwright.

Chief Whip in the Lords: Lord Wigoder.

Health: Lord Winstanley.

Big banks call for tax indexation

By MICHAEL LAFFERTY, CITY STAFF

RENEWED PRESSURE for the indexation of tax allowances, exemptions, tax bands and statutory limits comes from the big London clearing banks in their pre-Budget recommendations.

The banks say they recognise the problems facing the Government in times of inflation, but have arisen as a result of piecemeal

while inflation continues, some amendments.

Who is building a new helicopter to advance the offshore search for new oil and gas supplies?

One of the smaller U.K. suppliers of nitrogen fertiliser, Thames Nitrogen, is having a disagreement over a hardship clause in the contract to an independent arbitrator.

ICI's investment will take advantage of the company's substantial build-up in recent years in ammonia production based on its cheap natural gas supplies. Not long ago the company started up a new ammonia plant at Teesside, which will add a further 300,000 tonnes to capacity. This will bring total ICI ammonia output to 1.7m. tonnes.

Thames claims that this increase will make it impossible to compete in the U.K. market against ICI, which manufactures ammonia from natural gas obtained under a favourable long-term contract with the British Gas Corporation.

British Gas has been seeking a revision of this contract, which was negotiated before the oil crisis. A decision is

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ICI's investment will take advantage of the company's substantial build-up in recent years in ammonia production based on its cheap natural gas supplies. Not long ago the company started up a new ammonia plant at Teesside, which will add a further 300,000 tonnes to capacity. This will bring total ICI ammonia output to 1.7m. tonnes.

Thames claims that this increase will make it impossible to compete in the U.K. market against ICI, which manufactures ammonia from natural gas obtained under a favourable long-term contract with the British Gas Corporation.

Is in 290,000
ay be fault

The Financial Times Tuesday, March 29 1977

J.P. Smith

9

HOME NEWS

Modest growth likely in engineering orders

ENNETH GOODING, INDUSTRIAL CORRESPONDENT

MECHANICAL engineering must overcome a modest increase in net export demand over 18 months.

Warning comes to-day in a report from the short term working party of the Mechanical Engineering Economic Development Council. New orders for the year should in 1977 show a between 10 and 15 per cent. New orders are expected to peak in an increase of 5 to 10 per cent over 1977.

Working party points out comparison with earlier cycles and given the recent recession, forecasts imply only a little increase in demand.

It is forecast to in-

crease 1 to 2 per cent on picking up steadily from the beginning of 1977. A rise of 4 to 6 per cent is for 1978.

Measures taken to demand from overseas for the industry is likely to come from the U.S. as a result of the Carter Administration's decision to increase the growth of the American economy, and from Japan.

In employment the in-

dustry is expected to have a modest cyclical increase.

Appreciation of sterling in the first and third quarters of 1976 proved the price com-

petitiveness of the U.K. industry. But the appreciation of the pound since November, com-

pared with inflation here

and of other countries, will

mean little assistance.

Mr. Cromptay may start

finery this year

R INVERNESS CORRESPONDENT

CROMARTY WORK

Petroleum's proposed refinery in Scotland, told the conference, sponsored by the Highlands and Islands Development Board, and the

Officer Bannister, pro-

grammer for the refinery, Inverness conference

company hoped to

obtain permission in

iders would then be

controversial Nigg refinery

designed to process

a crude. Companies

teries will aggravate

capacity of European

plants.

Minister said Cromptay

it'd be a focal point of

development. He saw

for a refinery and

terminal at Nigg to

from a number of

th

of an extensive service

area near Invergordon, all.

Mr. Ian Clark, a director and

senior executive of the British

National Oil Corporation, said

that Aberdeen's oil-related

development could be "child's

play" when set against prospects

for the Moray Firth. The oppor-

tunities were even greater than

those in the Shetland Islands

where the Sullom Voe oil

terminal is costing between

£500m. and £600m.

The potential for develop-

ment is staggering. There should

be serious thought given to the

boundaries which the com-

munity will wish to impose or

when development takes off no

one will be able to control it at

all."

Furniture exports help to balance by £20m.

ES McDONALD

C furniture manufac-

tures, including exports,

estimated 2680m. last

75 in value terms and

up in volume, accord-

ing to the annual report of

the Furniture Manufacturers' Asso-

cations.

of orders on hand

year earlier.

figures are creditable in

of continuing high in-

conomic weakness.

These figures do not

however, is the drastic

fall margins caused by

the factors or the num-

businesses that have

to trading pressures.

ence

int about the next

Government wages

provided no platform

confidence in future

costability could be

U.S. at £22.5m. showed an in-

at least the year has

its reports of satis-

business done at the

Court furniture at

£13.92m. (up 58 per cent).

increase

This performance, the report

says, also represents a sub-

stantial increase in volume — equal

about 30 per cent — after

allowing for inflation.

British furniture manufac-

turers were quick off the mark

to take the maximum advantage

to be derived from the falling

value of the pound.

An encouraging feature was

that some of the most sub-

stantial percentage increases in

exports were to Britain's most

important furniture markets. The

costability could be

U.S. at £22.5m. showed an in-

at least the year has

its reports of satis-

business done at the

Court furniture at

£13.92m. (up 58 per cent).

protecting privacy could

able computer cost

VID FISHLOCK, SCIENCE EDITOR

IST of safeguarding

computer installation. He quoted

Mr. John Diebold, the U.S.

poling to the smaller

management consultant, as say-

ing recently that privacy could

more than double the basic

computer cost.

If the cost-effectiveness of the

various approaches to privacy

were not studied carefully, "it

may well turn out that com-

puters cease to be economic for

small users," went on Mr. Moon-

man.

Depending on what measures

are taken, costs could vary

comparatively trivial to

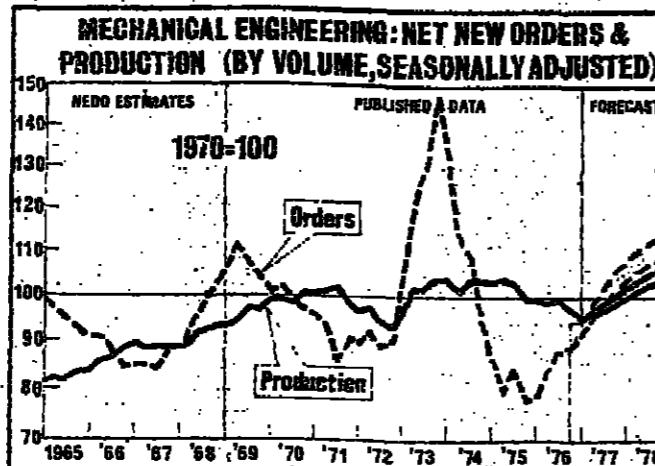
bititive.

Human cited a U.S. study

suggested that the cost

of privacy could be

the basic cost of the



have adverse effects on the industry's future price competitive- ness.

Transport

It will also tend to reduce the profitability and hence the attractiveness to companies of any major expansion of export business."

Mechanical Engineering Short

Term Trends Summary. Neddle

Books, 1, Steel House, 11, Tothill

Street, London SW1 9LT; free.

Nuclear engineers make a start on reprocessing plant

BY DAVID FISHLOCK, SCIENCE EDITOR

NUCLEAR ENGINEERS at Dounreay, in the north of Scotland, have begun to commission Europe's latest reprocessing plant for spent nuclear fuel. The plant, which had received 200m. curies of radioactive waste, was restored to virtually a green field site. In terms of radioactivity, before rebuilding.

The plant is a top-security area of the Dounreay experimental reactor establishment, designed to separate up to a tonne of plutonium a year. Inside thick concrete walls, remote-controlled lasers will strip the steel wrappers from the hot and intensely radioactive fuel.

Chemical operations will be controlled by ultrasonic sensors, developed at Harwell, which radiate the chemical tanks with sound waves to ensure safe levels and to assay their plutonium content. The flow of processed chemicals will be regulated by novel "Bubble" pump systems that avoid the need for conventional mechanical components such as valves.

According to Mr. Clifford Blumfield, director of the Dounreay establishment, this plant has already refused one specimens of the radioactive discharge made by environmentalists — that reprocessing plants to the laboratory for analysis.

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TWA

*By international agreement there is a small charge for in-flight entertainment and for alcoholic beverages in economy class. Occasionally, the choice of meals is subject to availability.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• PROCESSING

Weighing centre easy to adapt

FIRST OF a new family of equipment in the process area, GEC is adapting the equipment to different plant. Elliott Process Instruments new requirements. Series 5000 is designed on a building-block basis to provide weight indicators, weight centres with ability to interpret print-out units and the designers are preparing to add a micro-processor in the near future.

Installation and commissioning of this unit will be simplified in that the various components of the equipment carrying out plant sequencing plug into a data highway so that and reduce the number of

• TRAINING

Safe view of events

When plant modifications are required, frequently all the changes that have to be done to the Series 5000 will be to move a few switches. In the case of major modifications, however, the initial expenditure is not wasted since most modifications involving the addition of large units of plant can be coped with by including another unit on the data highway to look after the new hopper, or process stream, or whatever has been added.

The company is using its own load cells for the system which it has designed for a potential precision of one part in 100,000.

Indication can be designated in engineering units to the user's choice.

The company provides after sales services to process instrumentation and control equipment users, together with performance testing and staff training.

More from 01-692 1271.

REDIFON Flight Simulation has added a new visual system to its equipment for aircrew training.

Noroview SPI is capable of providing dusk and night scenes using computer generated calligraphic techniques with future expansion capability for day/night.

Redifon has won the first order for Noroview SPI in the face of fierce competition. It was placed by Sabena, for attachment to the Boeing 737 simulator in

U.S. This corporation in which Redifon has an equity holding, is one of the world's first authorities on computer graphics and recently delivered a full day/night colour continuous tone image generation system to NASA for the Space Shuttle Programme.

In conjunction with American Airlines, Redifon is currently working on a development contract to produce the world's first scanned line visual system for the United States Armed Forces and is the major supplier of closed circuit television visual systems to the United States Air Force.

More from Redifon on Crawley 2881.

Pyev can generate out-of-the-window scenes.

In addition to showing full airport lighting systems, it can represent the surrounding environment including fields, three dimensional buildings, and moving vehicles, with horizon occulting by buildings and three dimensional terrain.

For military aircraft simulators, this visual system can be used to simulate air combat.

• COMPUTING

New giant from IBM

FORESEEN on this page on February 15, the IBM 370/3033 central computer (Scorpio) are scheduled for the second quarter of 1978.

IBM has announced sharp price reductions for the central processors of the 138, and 148 machines in 370. The cut is 30 per cent, which implies a reduction of, say, 10 per cent in the total system cost depending on layout. It applies to the U.S.

At the same time, the company has announced 35 per cent cuts on certain types of Mosfet memory covering most of the current range of machines.

To build the processor, the company has gone to a new high density logic which shortens the cycle time for an operation through the processor to 58 nanoseconds compared with 80 in 168/3. Buffer storage has been doubled.

For customers in Europe, the Middle East, and Africa, this machine will be made in Hayes, Hampshire. It is available with four, six or eight million characters of main storage and is intended to help large users to keep pace with their database and communications needs.

To build the processor, the company's competitors were expecting moves of this nature, not one

expected the cuts to be so big.

In particular, the plug-compatible companies which have been offering low-cost solid-state memory (Iml and Telex) will be

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IBM has announced sharp price reductions

PARLIAMENT



Poll puts Tories ahead at Stechford

By Rupert Cornwell, Lobby Staff

THE CONSERVATIVES seem well placed to bring of a hair's breadth but sensational victory in Thursday's by-election at Stechford, the Birmingham constituency held for 26 years by Mr. Roy Jenkins now President of the EEC Commission in Brussels.

A poll carried out by the Marlan organisation and published in yesterday's Birmingham Mail, shows the Tory candidate, Mr. Andrew Mackay, with 45 per cent of the vote, against 43 per cent in favour of Labour's Mr. Terry Davis.

Should this pattern hold good on polling day itself, the Tories would capture this Labour stronghold for the first time ever with a swing of 15.5 per cent—a colossal loss for party morale after the disappointment and anti-climax of last week's unsuccessful censure motion in the Commons.

As for the Liberals, Marlan puts their share of the vote at just 10 per cent, compared with 15 per cent in the General Election of October 1974.

However, a special question put to those canvassed reveals little change in voting intention following the deal between Mr. Steel and Mr. Callaghan other than a stiffening of resolve among Conservative supporters to turn out on the day.

Everything could be upset, however, by a tax cutting Budget widely expected from Mr. Denis Healey, Chancellor of the Exchequer.

The poll brings little personal satisfaction to Mrs. Margaret Thatcher. Twice as many potential Tory voters would prefer Mr. Heath, the party's former leader, as Prime Minister, and she comes only fourth after Mr. Callaghan, Mr. Heath and Mr. Powell as the politician regarded by all voters as the best available occupant of 10 Downing Street.

Foot urged to reveal pact details

MR. MICHAEL FOOT, Leader of the House, yesterday firmly closed the door to Tory inquiries about Labour's pact with the Liberals.

To a string of written questions about the joint committee being formed, he replied simply: "As these matters concern inter-party relations, I do not intend to report on them to the House."

One of the inquirers was Mr. Michael Grylls (C. Surrey NW), who asked Mr. Foot to publish the agenda and minutes of the Liberal-Labour liaison committee. He also wanted to know the membership of the committee, its constitution, and the name of the person deciding its agenda.

Mr. Grylls asked Mr. Foot to put copies of the committee's minutes in the Commons library.

Another Tory, Mr. Peter Rees (Dover and Deal), met with no more success when he directed his questions at the Prime Minister.

He asked which subjects were being referred to the first meeting of the joint consultative committee on policy, which Ministers would be answerable in the Commons for the committee's conclusions, and which would be made public?

He also asked for the names of those attending the committee, to be published regularly.

Mr. Norman Tebbit (C. Chingford) asked whether people from outside the Commons would serve on the committee, and how its proceedings would be reported to the House. He was concerned about confidential matters discussed in the committee being leaked "to outside bodies."

Stricter law on detonator losses studied

THE GOVERNMENT announced yesterday that it is considering whether to make a formal requirement for losses of detonators to be reported.

In a Commons written reply, Mr. Mervyn Rees, Home Secretary, said that anyone holding detonators must possess either a certificate from the police or a licence from the Health and Safety Executive.

There was at present no statutory requirement for licensees and holder of certificates to report losses.

Severn tidal energy study

Mr. Anthony Wedgwood Benn, Energy Secretary, is making an urgent study of the Severn Barrage tidal energy scheme. Mr. Alex Eadie, Under-Secretary of State, said yesterday. He told the Commons that a statement on the scheme would be made to the House.

Mr. Ronald Atkins (Lab. Preston N.), had called for appraisal of the barrage scheme. He urged the Government to look at its viability particularly in the 1980s when oil resources would be reduced.

Benn firm on need for gas price rise

By IVOR OWEN, PARLIAMENTARY STAFF

UNDER CLOSE questioning in增加 in gas prices to the Commons yesterday, Mr. Cabinet as a potential saving in Anthony Wedgwood Benn, public expenditure?

Energy Secretary, skilfully avoided a direct response to suggestions that it was not an energy policy decision, although there had been a demand for a 10 per cent. increase in the tax on gas from other industries in gas prices which will take effect on April 1.

The impending rise was again sharply criticised on all sides, but the Minister gave no encouragement to proposals from the Labour and Tory backbenches that he should take the matter back to the Cabinet with a view to securing an agreement on a smaller increase.

Mr. Tom King, shadow Energy Secretary, twice tried to force into the open Mr. Benn's role in the events which led up to the increase.

In caustic tones, he first inquired what point there was in consultations with the chairmen of nationalised industries over pricing policy if Mr. Benn himself took the decision to put gas prices without even consulting the Gas Corporation.

Was it right that Mr. Benn himself had "volunteered" an increase?

Mr. Benn replied that the gas price increase derived from the necessity to reduce the public sector borrowing requirement.

He pointed out that over the last three years, electricity charges had increased by 119 per cent, coal and coke by 92 per cent, and gas by only 57 per cent.

But this did not satisfy Mr. Eddie Heffer (Lab. Walton), who recalled that he had asked Mr. Roy Hattersley, Prices Secretary, to urge the Cabinet to reconsider the matter. The increase, he insisted, would impose an added burden on people who could not afford it.

Mr. Benn told him: "You know these are Cabinet decisions."

Given that there had to be a contribution from the nationalised industries towards reducing the public sector borrowing requirement, the choice was between cutting back on investment, which would have meant cutting back on the future, or increasing gas prices.

Taking account of the difference with other fuels, the Government had reached the conclusion that gas prices should be increased, Mr. Benn declared.

The Gas Corporation had not been directed to do so by Mr. Benn, he said.

Was it right that Mr. Benn himself had "volunteered" an increase?

Mr. Benn told him: "You know these are Cabinet decisions."

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Mr. Callaghan laid particular stress on the concern that had been expressed to him, as President of the Council of the European Trade Union Federation.

He told MPs that the discussion had been dominated by the search for more effective action to deal with the serious world economic situation. A tripartite

agreement was planned within the next three months to bring together governments, employers and trade unions.

Mr. Callaghan said that the European Commission and the European Investment Bank had been asked to work on possible

measures to deal with the unemployment problems of women and young people, and to look at means of encouraging higher investment and improved co-ordination of the economic performances of the Nine.

By accepting that commodity price stabilisation agreements and a Common Fund should be introduced where appropriate, the Heads of Government had taken an important step towards a joint EEC position for next month's Ministerial session of the North-South dialogue in Paris.

A firm decision had also been taken that the President of the Commission, Mr. Roy Jenkins, should be present at sessions of the Western Economic summit.

Mr. Callaghan said that a proposal for a European foundation, which has strong all-party backing at Westminster, would be examined in Brussels, and the Nine would give urgent attention to the Commission's proposals for tackling the serious short and long-term difficulties of the EEC steel market, "with a view to getting agreement on common action."

While welcoming Mr. Jenkins' participation at the London talks, Mrs. Margaret Thatcher, the Opposition leader, criticised the Prime Minister's remarks as a statement of objectives, lacking in firm political measures.

There was Tory heckling as Mr. Jeremy Thorpe, Liberal foreign affairs spokesman, welcomed the progress which he said had been made on many fronts at the talks.

Mr. Edward Powell (UDD Down S.) said that the EEC was becoming gradually less concerned with the promotion of free trade and increasingly with the "creation and imposition of arbitrary price systems."

Mr. Powell was not precluded from taking bankruptcy proceedings against Stern if they wished, and it was in the country's best interests. She promised to look into Mr. Skinner's demand for residents to be properly represented when property was being sold.

Mr. Hart said that the Crown Agents were not precluded from taking bankruptcy proceedings against Stern if they wished, and it was in the country's best interests. She promised to look into Mr. Skinner's demand for residents to be properly represented when property was being sold.

Mr. Peter Viggers (C. Gosport) asserted: "The Crown Agents are a unique organisation, the envy of the world." He is because their investigation is thorough, and that the whole world is watching.

When Mrs. Hart explained that the Crown Agents had agreed, with other creditors, on a "scheme of arrangement to run down the group," Mr. the baby is not thrown out with the declaration.

Minister rejects 'fiddle' claim

AN MP's claim that there was a "fiddle" over the running down of the William Stern property group, which crashed owing the Crown Agents £40m., was rejected by Mrs. Judith Hart, Minister for Overseas Development, in the Commons yesterday.

Mr. Dennis Skinner (Lab. Bolton) said that the Crown Agents should get the greatest possible return on their investments in the Stern empire. He also asked Mrs. Hart to instruct the Receiver to see there were no more "private deals" in selling off properties.

When Mrs. Hart explained that the Crown Agents had agreed, with other creditors, on a "scheme of arrangement to run down the group," Mr. the baby is not thrown out with the declaration.

Mr. Peter Viggers (C. Gosport) asserted: "The Crown Agents are a unique organisation, the envy of the world." He is because their investigation is thorough, and that the whole world is watching.

When Mrs. Hart explained that the Crown Agents had agreed, with other creditors, on a "scheme of arrangement to run down the group," Mr. the baby is not thrown out with the declaration.

Written Answers

TREASURY Mr. Robert McCrindle (Con. Bromsgrove and Ongar). What was the estimated amount of revenue lost if employers were able to set off against corporation tax daily luncheon voucher amounts of 20p, 40p, and 50p?

Mr. Dennis Davies, Minister of State, Exchequer. Over the 12 months to December 1973, the U.K. rate of inflation was 10.6 per cent, while Japan's was 19.1 per cent. The most recent comparison available is for the 12 months to January 1977, when the U.K.'s rate of inflation was 16.6 per cent and Japan's 8.2 per cent.

Mr. Nicholas Ridley (Con. Gloucester and Tewkesbury). Whether the new arrangements to early-retire miners workers which the National Coal Board has contracted to pay are chargeable to income tax?

Mr. Cranley Onslow (Con. Woking). What action is being taken to reduce the current repayment of National Savings Certificates?

Mr. Denzil Davies. There is currently little delay in the repayment of National Savings Certificates. During some periods of January and February repayments were taking a few days longer than normal because of unexpectedly high levels of re-investment into the 16th Issue, but by giving priority to repayments over less urgent work, recruiting casual staff and overtime working, normal repayment service was restored at the beginning of March. Inevitably a few cases requiring exceptional treatment are subject to some delay.

Sir John Hall (Con. Wycombe). What steps are being taken to encourage savers to invest in equities?

Mr. Joel Barnett, Chief Secretary. The objective is to find the right balance among savings media so as to encourage the investment in industry, housing, the public sector and elsewhere which the country needs.

Mr. Tony Newton (Con. Braintree). What estimate has been made of the amount of income tax paid by widows in the current year?

Mr. Robert Sheldon, Financial Secretary. About £500m. for 1976/77.

Mr. Andrew Faulds (Lab. Warwick East). What percentage of interest has accrued to the Land Fund from March 31, 1976 to February 28, 1977?

Mr. Joel Barnett. The amount of interest received in the period March 31, 1976 to February 28, 1977 was £1,407,000. The market value of the capital of the Land Fund at March 31, to subscribe for 240,000 ordinary shares in the company at a cost of £17,525,000. On this basis the percentage of interest of 8 per cent, or about 82 per cent per annum.

Mr. Alan Bell (Lab. Berwick upon Tweed). What representations have been received about the effect of VAT exemption procedures on the export trade in antiquities?

Mr. Robert Sheldon, Financial Secretary. About £500m. for 1976/77.

Mr. Michael Grylls (Con. Surrey NW). What proportion of the equity in Thwaites and Reed the NEB intends acquiring. How many shares this entails? What is the cost of this acquisition? What is the net current asset value of the shares?

Mr. Leslie Hockfield, Under-Secretary. The NEB have announced that they have agreed to subscribe for 240,000 ordinary shares in the company at a cost of £17,525,000. On this basis the percentage of interest of 8 per cent, or about 82 per cent per annum.

Mr. Kenneth Clarke (Con. Rushcliffe). What action the Government has taken following the decisions announced at the NEBC meeting on February 28, 1977.

Mr. Robert Sheldon, Financial Secretary. About £500m. for 1976/77.

European jobless review planned

By Rupert Cornwell

THIS SUMMER'S European Council meeting in London will make a special review of the Community's progress in the battle against unemployment and inflation, the Prime Minister told the Commons yesterday.

Reporting back on last weekend's meeting of EEC Heads of Government, Mr. Roy Jenkins, President of the European Trade Union Federation.

He told MPs that the discussion had been dominated by the search for more effective action to deal with the serious world economic situation. A tripartite

agreement was planned within the next three months to bring together governments, employers and trade unions.

Ministers are therefore awaiting one for an independent chair, their consent next week to a two-year experiment for trade union workers directors in Rome. Mr. Callaghan laid particular stress on the concern that had been expressed to him, as President of the Council of the European Trade Union Federation.

Politically it is an awkward time for the Government to endorse a scheme that closely follows the Bullock proposals for union parity on company Boards.

Formal inclusion of the Liberal

Party in consultation over new

titles is not considered a big

hurdle to the plan despite the

Liberal's view of industrial

democracy that if worker-direc-

tors do emerge from the Board

process they favour half

employees, half shareholders,

they need not be members of

unions.

Nearly all the 420,000 Post

Office employees are union mem-

bers.

In discussion both of this plan

and of the White Paper, the

Government will probably tell

the Liberals that the existing

union structure just can-

not be un wound.

At the same time the Govern-

ment must declare itself soon on

the Post Office plan as suggested.

Announcement of the Post

Office scheme will upset some

annual conferences in the

next few months, and it has promised members of the Carter

Commission to set up the

North-South dialogue in Paris.

A firm decision had also been

taken that the President of the

Commission, Mr. Roy Jenkins,

should be present at sessions of

The Management Page

EDITED BY JOHN ELLIOTT

gress is being made towards appointing worker directors at Harland's Belfast shipyard though some problems have still to be resolved. Roy Rogers reports

Cautious path to participation

BOTH sides of industry two sides were able to make still hoping to improve on in to debate the merits major advances. For instance, order to compete more effectively with foreign competition in the Bullock an industry renowned for recommendations on strict practices and demarcation in general and the Japanese in particular.

At Harland and claims to have "total flexibility" the Belfast shipyard, are between trades.

ing slowly with their and of participation. In addition, Harland's pay strike by

nd's experimentation

in 1974 with a Govern

ce operation after the semi and unskilled workers

receiving an agreed percentage

of craftsmen's earnings. This

compares with a chaotic sit

uation of a few years ago when

there were some 250 different

pay rates for boilermakers

alone.

When Mr. Stanley Orme, the

then Minister of State for

Northern Ireland, released a dis

cussion document on worker

participation at the yard in

early 1975, it eventually resulted

in the unions (assisted by

Strathclyde University academic,

Mr. Frank Stephen) and

management agreeing a joint

approach.

This involved the appointment

of a new 15-man supervisory

Board, comprising one third

union representatives, one

third management and one third

Government appointees.

Below this a 20-strong joint

implementation council, with

members nominated on a 50-50

union-management basis and

chaired by the managing direc

tor, was to determine how

Board policy should be carried

out. Lower levels included five

departmental joint councils:

hull production; ship outfitting;

engine and electrical; ship

repair; and administration and

there were productivity com

mittees based on each workshop

or section.

Productivity committees have

been in operation for some time

now through Harland and

and although no firm figures are

available they are understood to

have contributed to a vast im

provement in efficiency, involv

ing a reduction in man hours

per ton from levels of more than

100 at the time of the 1973

Boilermakers dispute, to the

lower 40s.

New facilities coming on

stream and improved manage

ment practices also played a

major role in the higher

efficiency which the company is

COMPAGNIE DE SAINT-GOBAIN PONT-A-MOUSSON

ie-Company with a capital of F 2,970,000,000
tered Office: 54 Avenue Hoche—PARIS
(8ème)

Trade Register: PARIS B 542 039 532

pointment of the note holder representatives
10% 1975 due 1980 of FF 5,000

rdinary general meeting of note holders 10% 1975-80
F 5,000 COMPAGNIE DE SAINT-GOBAIN PONT-A-
SON, held on March 11, 1977 has appointed as note
representatives according to clauses of the July 24,
aw n° 66,537:

sieur Gérard GARAUD, residing in BOULOGNE-
LANCOURT (Hauts-de-Seine) 20, rue Moreau Vanier
sieur Michel LACOMBE, residing in BOULOGNE-
LANCOURT (Hauts-de-Seine) 14, Quai de Stalingrad
deputy representatives:

sieur Jacques DORE, residing in PARIS (6ème) 127,
de Sèvres

same Nelly HOPPER, residing in PARIS (7ème) 131,
Saint-Dominique.

Notice is published according to section 216 of the March
7 decree n° 67,236.

The Board of Directors

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29/3

Further complications arose would continue to handle issues when some major unions felt like pay.

they should have one of their. If the stewards do finally members on the Board but give the all clear for the election neglected to ensure that they do, then five of them will have a suitable nominee. Several eventually join the supervisory members on the Board, but give the all clear for the election.

Boilermakers Amalgamation, for the five to retain their which has most members at the stewards so as to maintain

yard, was attempting to dominate contact with the shop floor, but the Boilermakers Amalgamation has ruled against this.

The Electrical and Plumbing Trades Union, on the other hand, is expected that

deliberately did not boilermaker directors will still nominate anyone for the Board.

because the EPTU is one of several TUC unions opposed to

This attitude has, however, helped to ensure that several of the leading shop stewards have

declined nomination because

Confederation of Shipbuilding and Engineering Union who also have

figure prominently in the local Boilermakers convenor, who is

accused by some shop stewards

of bringing politics into the

argument — the Communist Party opposes participation preferring the "them and us" approach.

Agreement

Despite all these complicating factors the unions, through their being set up at the yard as part of the participation programme

are appearing to be on the verge of

Agreeing an election system that the delay experienced

which could see union representatives joining the management necessarily a bad thing in that

and government appointees was it allowed the lower stages

to become firmly established.

They are now looking at a simplified version of COMPEN's that full participation, while

third scheme. It involves all the essential to the company's

yard's employees voting for one future, cannot be rushed. If

director for each of four interest groups which together with a "free for all seat" would be voted upon by all 9,500 workers.

It was the third scheme which was favoured by the shop stewards in February 1976, only to get bogged down because, understandably, they had difficulty in understanding the union membership would be extremely complicated selective the vehicle for the worker director, to let the upper tiers follow

alternative voting system which tors and that the traditional collective bargaining machinery has been absorbed.

Varied demand for executives

INCREASING DEMAND for general management throughout five major European countries, it has been decreasing in the U.K.

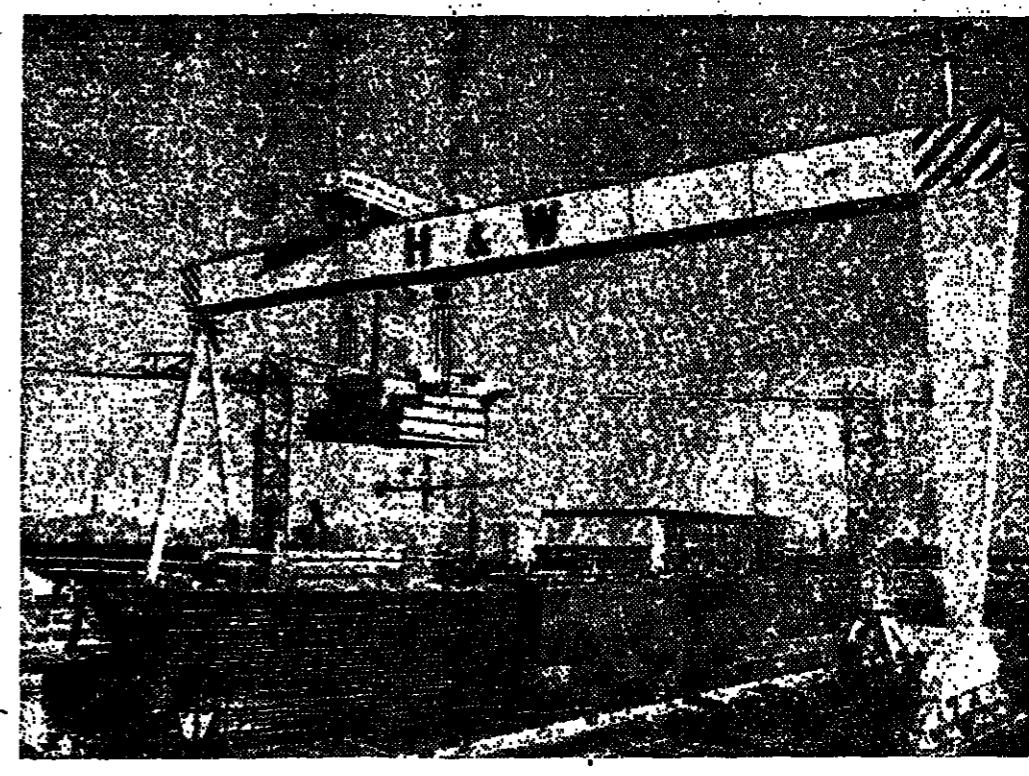
It is felt that uncertainty will persist in France this year as a survey just published on the

it did in 1976, while in Germany a substantial increase in demand for research and development, directors is predicted, but with all in top management

having to show such a wide range of abilities that traditional divisions between jobs

may be brought into question.

London QIV 9FH.



A bridge section is moved into place on the giant crane at Harland's Belfast yard.

A centre for research

A RESOURCE centre where 9,300 employees require a direct from management. How unions can co-ordinate the centre comprising four offices, ever, where collective bargaining issues are involved it is envisaged that the unions will glean their own information from outside sources.

The full-time secretary would be assisted by a training co-ordinator and a typist/clerk.

The brainchild of COMPEN, all of whom should have the are investigations into improving productivity and how this

consultants engaged by the of the company—and that should be related to higher earnings and a constructive look at the company's future man-

power planning requirements. COMPEN estimates that these studies will cost £15,000 and £3,900 respectively.

Urgent need

The consultants see an urgent need for a crash training course for worker directors as soon as they are elected in order that they are able to participate effectively. But training for the lower levels of participation is seen to be representative of problems which emerge.

The unions are expected to adopt elsewhere as other companies either opt for industrial democracy or are pushed into it by Government legislation, estimates that Harland's

Association and by the now be used as a base for development and catering industry. Luncheon Voucher Catering appropriate college Education Trust. The aim of courses and industrial training the research was to build up an for younger managers coming exact picture of the skills and into the industry. Knowledge needed by hotel and catering managers if they are to do their jobs effectively. It 191, Trinity Road, London, S.W.17. is hoped that the findings will

BankAmerica Corporation Financial Highlights Consolidated Balances

For the Year (thousands)	1975	1976	Change
Operating Revenue	\$ 4,742,734	\$ 4,844,751	+ 2.2%
Operating Expenses	\$ 4,441,078	\$ 4,508,821	+ 1.5%
Income before Securities Transactions	\$ 301,656	\$ 335,930	+11.4%
Net Income	\$ 302,800	\$ 336,771	+11.2%

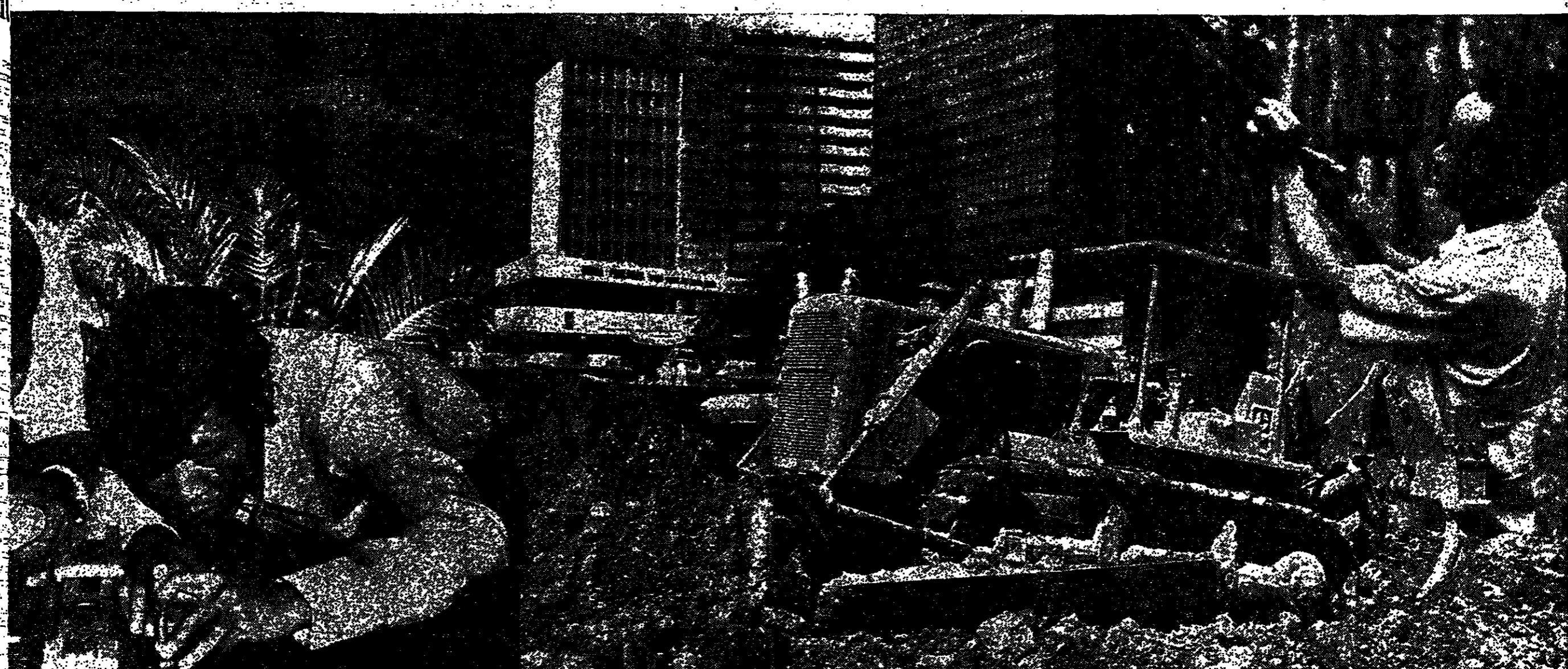
At Year's End (thousands)	December 31, 1975	1976	Change
Assets	\$ 66,763,054	\$ 73,912,940	+10.7%
Deposits	\$ 56,544,789	\$ 60,749,814	+ 7.4%
Loans	\$ 32,826,894	\$ 35,748,642	+ 8.9%
Securities	\$ 10,202,358	\$ 10,596,397	+ 3.9%
Equity Capital	\$ 2,020,149	\$ 2,421,593	+19.9%
Reserve for Possible Loan Losses	\$ 271,742	\$ 300,	

FINANCIAL TIMES SURVEY

Tuesday March 29 1977

Malaysia

One of the oldest of the post-war Commonwealth States, Malaysia has made steady progress since independence. Last year the economy managed an export-led recovery which many developing countries could envy. But this multi-racial nation still faces political and social problems.



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MALAYSIA II

The strengths and weaknesses

MALAYSIA is beginning to show some of the blemishes of an adolescent industrialised country. After 20 years of independence there are signs of an acute housing shortage in towns as the population emerges from the rural areas; of growing public frustration as an inadequate bureaucracy struggles to cope with the increasing demands of expanding industries and services; of bitter wrangles as a rising trade union movement tests its muscles; and of a feeling of cultural inferiority which those assured of three meals a day can afford to agonise over. The more deep-rooted problems—the country's racial divisions, the Communist resistance, the slow growth of investment—continue to pre-occupy its leaders.

Nevertheless, Malaysia to-day is humming with pride and excitement in national achievements, a confidence that permits a freer Press and a more candid public assessment of national ailments than is found anywhere else in South-East Asia. The racial tensions are not sufficiently high to persuade the multi-divided Chinese to forget their differences and form a political union on the basis of which they could demand more than they are currently getting. The need for foreign investment is not so pressing as to force the Government to drop its plans for phasing out foreign economic control.

Malaysia knows it can afford to take a few risks and that the underlying strength of its economy will permit a few mis-calculations. Last year, aided by the stirrings of world example, are stable at around 2 per cent—and in the low level of applications for industrial growth of GNP to 12 per cent from the projected 6 per cent. The resulting stimulus to production reversed a decline below the targets of the Third crude oil output is provisionally estimated to have increased by new project approvals have 65 per cent. The rate of inflation fell from 4.5 per cent in 1975 to 2.6 per cent. Employment rose by an estimated 3.5 per cent. Unemployment fell to 6.8 per cent.

Rules

Once the corporate sector knows the ground rules it can learn to live with them," comments one banker, "but until the worst is known, many prefer to keep funds in bank deposits rather than reinvest." This slide in business morale is reflected in the high liquidity of domestic money markets—overnight money rates, for example, are stable at around 2 per cent—and in the low level of applications for industrial growth of GNP to 12 per cent from the projected 6 per cent. The resulting stimulus to production reversed a decline below the targets of the Third

Malaysia Plan (TMP), while

estimated to have increased by new project approvals have 65 per cent. The rate of inflation fell from 4.5 per cent in 1975 to 2.6 per cent. Employment rose by an estimated 3.5 per cent. Unemployment fell to 6.8 per cent.

The earlier revision of the Ringgit 144bn. Third Malaysia duced insurgency to a chronic

Petroleum Development Act (PDA)—introduced by the Razak Government and substantially modified under the present Prime Minister, Datuk Hussein Onn, to appease the oil companies—is interpreted as a tacit admission by the Government that its new economic policy as originally envisaged went too far. Amendments to the ICA, prepared in consultation with the private sector, are less drastic. They are dismissed in many quarters as insignificant. But the Government maintains that further concessions would destroy the Act and is outwardly confident that its reading to back down over the PDA will be taken as a demonstration of its flexibility in implementing subsequent legislation even though firm assurances will not be written into the statutes.

Early indications are that the private sector is prepared to go along with this, despite its grumblings over "bureaucratic nonsense" and "stifling over-control." The Malaysian International Chamber of Commerce and Industry, which represents 280 foreign companies and their subsidiaries in fields such as banking, manufacturing, insurance and shipping, has stated:

"Should the initiatives at policy level be reflected in the implementation process, there is no reason why there should not be more investment leading to greater economic growth," but adds "The task of restructuring the ownership of corporate stock and promoting foreign investment . . . are conflicting objectives only in situations of stagnation and slow economic growth . . . it is clear that the success of the plan and the fortunes of the foreign business community . . . depend on economic growth which in turn stems from an attractive business climate for investment."

Whether this reconciliation will work out in practice only time will tell, but it seems clear that the Government's dependence on the private sector to finance 60 per cent of its

overnight money rates, for example, are stable at around 2 per cent—and in the low level of applications for industrial growth of GNP to 12 per cent from the projected 6 per cent. The resulting stimulus to production reversed a decline below the targets of the Third

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The earlier revision of the Ringgit 144bn. Third Malaysia duced insurgency to a chronic

irritant rather than a severe threat but total eradication seems impossible, given the difficulties of policing the border jungles, and there are signs that the guerrillas are becoming better armed and are attracting new recruits. Most of these are young less well-off Chinese from the new villages, frustrated to see the best job opportunities going to Malays and alienated from the mainstream of Malaysian life by their Chinese education.

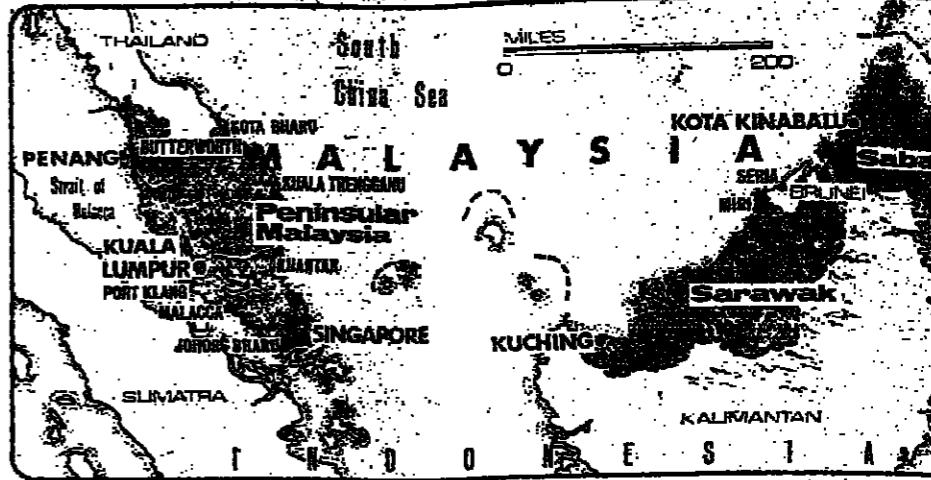
Raids

At that time the Prime Minister outlined the three main pillars of the TMP as "a major assault on poverty, a vigorous and continuous effort in the task of restructuring society and the strengthening of national security." The security issue is something of a hot potato, reviving the fears of the 1949-60 emergency and carrying distinctly racial overtones.

Despite the outrages of 1974, when communist terrorists blew up the national monument and assassinated the nation's most senior policeman in broad daylight, security was something the previous Prime Minister Tun Razak preferred to play down. But Datuk Hussein early identified the issue as "a major challenge to our democratic way of life" and has supported a vigorous anti-communist drive against both the armed communist guerrillas in the north and the subversive elements believed to be operating in the cities.

Though official figures are slightly lower, Western observers estimate there are around 600 armed and uniformed guerrillas south of the Thailand border and perhaps 2,000 to 3,000 north of it with a further 200 in Sarawak, supported by a community of about ten to each armed activist, whose readiness to co-operate tends to ebb and flow with the fortunes of the insurgents.

Intensive Government effort over the past two years have



ernment, and the arrest of two UMNO Deputy Ministers, has active pursuit of given the import of other parties both outside the ruling Front coalition, the threat to stability. Encik Samad, a prominent anti-communist Malay thinker, had been under drive. Conversely, the strong attack for some time, so his hints at collusion with Singapore subsequent confession, while emanating from some Government quarters are seen elsewhere as a deliberate attempt to discredit other Government members responsible for implementing the new border pact with Thailand.

Provided the anti-communist drive may have been exploited for intra-party political purposes. On the available evidence, including public admissions by the three men formally related to communism in Malaysia, the accession of Encik Samad, long an opponent of the UMNO, which runs the country effectively as a one-party state, was bound to open the way for the foreign investors to take advantage of the situation. However, there are strong indications that the arrest of squabbling and factionalism in UMNO, which runs the country effectively as a one-party state, was bound to open the way for the foreign investors to take advantage of the situation. However, there are strong indications that the arrest of squabbling and factionalism in

between the public sectors, between the resources of economic development, between the Malaya Indians and Chinese in South-East Asia, which the federal government has decided to implement. Margaret van

provided the anti-communist drive may have been exploited for intra-party political purposes. On the available evidence, including public admissions by the three men formally related to communism in Malaysia, the accession of Encik Samad, long an opponent of the UMNO, which runs the country effectively as a one-party state, was bound to open the way for the foreign investors to take advantage of the situation. However, there are strong indications that the arrest of squabbling and factionalism in

A changing style of government

IN HIS FIRST year as Malaysia's Prime Minister, Datuk Hussein Onn has asserted his authority in the United Malays National Organisation (UMNO), the party which dominates Malaysian politics, to a degree that few expected when the sudden death of Tun Razak in January 1976 elevated him to power. Though he has not gained control of the party machine, and has allowed factional squabbling to rise unchecked, he has taken firm command in matters of Government policy, adopting an uncompromising stance on corruption in the administration and tempering economic policy to reassure the non-Malay private sector.

Though this has brought him into direct confrontation with large sectors of the party, his own position appears unassailable and he has not allowed subsequent setbacks in party politics—such as the readmission to the party of the former Selangor Chief Minister and UMNO youth leader, Datuk Harun Idris, and the outright rejection of his candidates for the UMNO youth leadership—to disturb his composure, strolling away from these defeats with the air of a man more interested in government than in politics.

Datuk Hussein is universally respected as a sound administrator and a man of principle, though he is not without critics both outside and within UMNO. His inaccessibility is a source of grumbling among some of his Ministers, who complain that the process of government grinds to a halt periodically because the Prime Minister is pondering a decision and will not see anyone. His meticulousness is also a source of irritation. A former lawyer, he insists on examining all the available evidence before producing a decision, imperturbable as the unopened despatch boxes multiply.

Infighting

Thirdly, there are those who say that his relaxed attitude towards party politicking has allowed the factional infighting to mount to an extent where it is beginning to interfere with government—that the civil service is growing lax while the politicians jockey for position—and that the projects of the Third Plan are falling behind target.

During the past year he has had to grasp nettles and has done so unhesitatingly. His efforts to protect private sector

confidence, softening the impact of the pro-Malay new economic policy (NEP), on the predominantly Chinese and expatriate business community, has not pleased a considerable sector in the party seeking a more aggressive Government intervention and transfer of assets to Malay ownership and control.

Under his guidance, the Third Plan was held back for three months and revised by a specially created Cabinet committee to shift the emphasis of economic restructuring from a racial to a regional basis.

Similarly, the first major instrument of the NEP—the Petroleum Development Act—has been substantially watered down while the second, the industrial co-ordination act, has been amended to a lesser degree but has had a committee set up under the deputy prime minister Dr. Mahathir

Mohammed to smooth its implementation.

Secondly, the Prime Minister has risked criticism over his marked departure from the policy of his predecessor Tun Razak in calling attention to the institute proceedings against communist threat to security. He has admitted frankly that it has been suggested, orchestrated behind the scenes by his

in the north of major political enemies.

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But he has worked hard to improve his position, curbing a tendency to speak over the heads of his audiences, flying to the Thai border to join troops in raids against the Communist insurgents. He has strong support in some sectors of the civil service, where his administrative abilities and capacity for quick decisions are appreciated, and is gaining support among the military and para-military through his aggressively anti-Communist stance. He loudly resents any suggestion that he is a powerful man, but he is clearly someone to be reckoned with.

Datuk Musa Hitam

TWO YEARS in the political wilderness, after being sacked from a promising appointment as Deputy Minister in 1969, have taught Datuk Musa Hitam the virtue of patience. He was considered one of the young Turks seeking the resignation of former Prime Minister Tengku Abdul Rahman after the 1969 racial riots.

Now, at 42, he is Minister of Primary Industries, and as such, he is prepared to bide his time, instead of embarking on risky political gambles, especially

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MALAYSIA IV

These profiles
were written by
Wong Sui Long
and
Margaret van Hatten



Tan Sri Ghazali Shafie

TAN SRI GHAZALI SHAFIE, Malaysia's merciful Minister of Home Affairs, provokes strong feelings even in those who have not met him. He is feared, admired, hated, laughed at, hailed as a saviour, denounced as an intriguer—but never ignored. Some say he is the most brilliant man in the present cabinet; and an obvious choice to succeed the Prime Minister, others say his arrogance and tendency to fly off the handle will always keep him from the highest position. Tan Sri Ghazali himself hotly denies having any such ambitions: "Future leader? Who said that? I am already a leader of this country. Prime Minister? That sounds like a campaign. I am not interested in campaigns."

Nevertheless "King Ghaz" as he is known in Kuala Lumpur circles, was earlier tipped to succeed Tun Razak, is believed to have been favoured as Deputy Prime Minister by Datuk Hussein Onn though unacceptable at that time to the party, and is undoubtedly one of those favoured for deputy presidency at the UMNO elections next year. This position would virtually ensure him the succession.

Born in 1922 the son of a Malay civil servant, he was educated at Raffles College and later at the University of Wales where he studied ancient Welsh law "because I was intrigued by Welsh tribal law . . . it's no use whatever to anyone." His later career included a spell fighting with the resistance against the Japanese and studies at the London School of Economics, Lincoln's Inn and the Institute of Commonwealth Studies, picking up an LLB Hons. and a post graduate certificate in International Studies. Back in Malaysia he rose in the civil service to head the Ministry of Foreign Affairs as Secretary General.

His present ministerial port-

folios covers the rubber small student politics, he did not hold oil palm growers enter national politics until tobacco farmers, as well as the 1970 when Tun Razak co-opted tin industry, and it provides him to a senate seat and to the him with an excellent base to cabinet as minister with galvanise the crucial Malay special functions. He resigned rural support. In the current from the senate in 1972 to contest a parliamentary election. Tun Razak is aligned with the Deputy in Kuala Lipis, Pahang, which Prime Minister, Dr. Mahathir he won with an overwhelming majority, and moved via the information portfolio to the the UMNO party for demanding powerful Home Affairs post. Over the past year he has used this position to conduct a vigorous and relentless anti-Communist drive which has won him support at home and abroad.

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After graduating, Junus worked with the Malayan Railways, Port Klang Authority, Tariq Advisory Board, became group secretary of ICI Malaysia, and left in 1972 to set up a flourishing accounting partnership with a Chinese friend.

It was around this time that he came to know Tengku Razaleigh. He was president of the Malays Chamber of Commerce, and Junus its secretary. The two immediately clicked.

With an eye on the political leadership, Razaleigh evolved the strategy of applying the new economic policy to the corporate sector, and cultivated the press. Junus stayed in the background executing the strategy. He Negara does not mean innovation, merely because they are new but it would not be proper



Malaysian newspaper chain, and he got it on the cheap. Together, they went on to form Petronas, the National Oil company, set up the Malaysian National Chambers of Commerce as the umbrella for the four chambers of commerce, and helped form the Asian Chambers of Commerce and Industry.

In London, Junus is better known as the chairman of Pernas Securities, in which capacity, he negotiated for the takeover and transfer of London Tin, the world's biggest tin conglomerate. He was behind the Sime Darby coup. Pernas Securities held only 8.5 per cent of Sime Darby, but it wrested control of the multi-national from its British directors in a well-publicised boardroom battle.

"We operate on commercial principles," he says in answer to charges of "backdoor nationalisation." "Profitability is the first think we look for. As long as the company is paying good dividends, I don't think shareholders really care if it is British or Malaysian-managed."

"He prefers to implement the new economic policy through takeovers of large companies, with the available infrastructure and expertise to help the Malays, rather than starting new companies. The second alternative, he says, is slow; there is a dearth of Malay business talent to go by, anyway, and probably it is often low."

The pressure of work has forced him to give up some of his positions, including his accounting partnership. "This is my only regret: running my own firm and be independent. If I were to start my profession again in a few years, the rich plums would have gone."

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to introduce new monetary instruments merely for the sake of increasing variety or because they were successful elsewhere."

Tan Sri Ismail read economics at Cambridge after which unable to return to Malaysia because of the war, he spent nine years in London reading law, teaching Malay at the London School of African and Oriental Studies and giving news commentaries for the BBC. On his return to Malaysia he joined the civil service and his later period in the Treasury included two years in Washington as executive director of the World Bank.

Tan Sri Ismail explains the low level of Malaysian Euro-market ventures, despite the pressing need for foreign investment, thus: "We don't need to borrow on the Euro-markets at all this year and last was because the rate was too good to miss—how many others borrow at 14 per cent over LIBOR (London Interbank Offered Rate). Skilled manpower is our problem, not money."

He has a vision of Kuala Lumpur as one of the major centres of world finance, one day outranking Hong Kong and Singapore because of its bigger primary base from which, in the meantime, it must be content to grow slowly: "Singapore and Hong Kong needed a rapid forced growth, we don't. Growth built on the needs of our commodity traders for long term funds will be more natural, more evolutionary, more stable," he says, savouring a comparison with London. A strong regionalist, he would like to see much closer banking links between the ASEAN countries and is keen to see the completion of the swap arrangements now being drawn up.

His term expires in 1980 and though it is by no means certain he will resign then, he is beginning to talk of retiring to the private sector which he suggests mischievously, is far more conservative than the Central Bank from which it draws many of its younger executives. "We need to develop a new breed of bankers who are not merely money lenders but that takes time," he adds ruefully, "a whole generation, wouldn't you say?"

Anwar has announced as a candidate and his critics say Colonel Khedie, a man whose out-of-sympathetic methods he deplores, good intentions at instilling fear to achieve them.

"My views are valid and have always been," he says. "We don't want the non-Malays. We are not racial—we are concerned with the Chinese squatter on plantation workers. Management has no sense and though I am in to suggest alternatives must say I have reform through institutions. Co-operation easily be exploited in the name of co-operation."

Anwar's hopes society are current the emergence of real Islamism among Malays.

"If they uphold the justice and clear, are morally bound, are as they take the civil service."

"Areas where I choose to act could be in the promotion of the private sector which Anwar would much more strictly." "It's wrong that making large profits allowed to pay its little at Ringgit 2," he says. "There's a private sector but it's effective checks and there's obviously something fundamentally wrong with that permits the Hughes or a Rockef-

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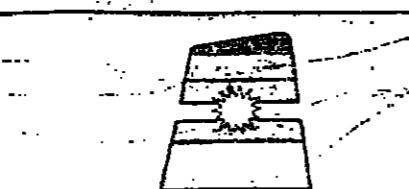
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JELLINE

MALAYSIA VI

Unions quarrel with Government

THE MALAYSIAN trade union reasons unique to the Malaysian movement is considering entry environment. The Malaysian foreign investors to the extent into active politics after its trade union movement has never of stifling the growth of the also likely to fall humiliation in Parliament two had the cohesion, organisation unions," says T. Narendran, the the unions are months ago. The quarrel with and political clout in any way comparable to Britain's TUC or the Government arose from the now famous Ibrahim Ali report prepared by a Government-appointed Royal Commission. It recommended very generous salary increases to the country's half-a-million civil servants, but the Government rejected its recommendations. When the unions refused to budge, the Government took the unprecedented step of calling a special session of both Houses of Parliament to reject the report.

Faced with a fait accompli, the unions had little choice but to accept the Government's counter pay offer, but the whole episode has left much bitterness among the union leaders. Most of them consider the unions have little future unless they get involved in active politics.

"After what they did to the Ibrahim Ali report, there is no guarantee Parliament will not interfere in future industrial disputes," says a moderate union leader. "When the chips are down, no one in Parliament will speak for the unions, because the unions have no representation."

The Malaysian Trades Union Congress is studying the feasibility of sponsoring a political party to contest the next general elections. It is left to be seen how the union leaders could control such a party, as under present labour laws union leaders are prohibited from holding any elected office in a political party. The MTUC hopes to attract ex-union leaders, and pro-labour leaders in the professions to run the party, but whether these people would remain subservient to the union movement remains to be tested.

While the union movement had been lacking in political clout in the past, union leaders have felt that time is on their side, that urbanisation and industrialisation would change the pattern and rules of politics in Malaysia. A better educated class of workers is emerging—one conscious of its common interests. The leadership in the unions is also changing. While the Indians still wield a disproportionate degree of influence in the unions, the Malays are making themselves felt. Malay union leaders may not have the same perspective and interests as the present Malaysian political elite.

The inability of union leaders to participate actively in politics is only one of their grouses. Unions regard the present labour laws as heavily weighted in favour of the employers. The Government has always had this obsession of wooing collective bargaining, and the Historically, for various foreign investment, and bends exercise of strike action. Some

unions are small and splintered, and this is due to some extent to the narrow interpretation of the labour laws by the Government. There are some 350 unions in the country, with a membership of 450,000, out of a work-force of 4.3m. The biggest by far is the National Union of Plantation Workers, which according to figures from the Unemployment Registrar of Trade Unions, has a membership of over 80,000. Malaysia—anyone (The union itself claims a membership of over 150,000). The next biggest are the teachers, railwaymen, commercial workers, and bank employees, each with a membership of around 10,000. Most unions have less than 1,000 members.

The MTUC has been fighting for years without much success to get some of the more restrictive laws removed. However, the present Government appears to be more sympathetic to the unions' grievances than were the past administrations. The MTUC met the Prime Minister last October, and wanted more than a hundred amendments to the labour laws, particularly those words from a M

overnment's speech. The next step is to allow him to introduce a bill for a worker's bill of rights. If he is exploited by the employer, to allow him to join a trade union, and the workers' interests of their members.

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JEPPESEN

Slow progress on peace plan

DESIRE to channel most been omitted during the visit admit they might have trouble Malaysian irritation over Indonesian energies into social and to Kuala Lumpur last week by selling the idea on both sides. Asia's alleged reluctance to work on Malaysia's foreign policy, Mr. Ieng Sary. Like the dying sinner Closer to home, the question of spending but refuses to rejoin the Devil, the Government says this is no time to enemies, and is concerned its initiatives in foreign affairs is on two major objectives: the strengthening of co-operation through association of South-East Asian nations (ASEAN) and the movement of a zone of peace and neutrality in the wider South-East Asian region, including the five countries, Indochina and Thailand.

in both these areas is sluggish. There major differences to be had with the communist of the region and non-communist neighbours sometimes resent what as Malaysia's attempts to lead and impose its on the area. But in Ministers and appear satisfied that are developing broadly wish.

Asian eagerness to gain acceptance for the peace concept is clearly to awareness of Viet- military capability and of a possible com-akeover in Thailand. On point, the reinstatement of a military regime in last year has done calm Malaysian nerves. Tensions with Hanoi have easily assisted by the exchange of ambassadors.

Malaysians would dispute postwar military activity over the ASEAN bloc are confident its feeble and war-weariness pre-empted aggression for the intervention. The opening of to help Vietnam re- primary industries as corruption in Thailand as a team of Malaysian potential threat to stability, but advising the reviving as a senior minister puts it, "We think the present Thai regime has a chance of holding the country together. It's still economic co-operation an imperial country with only a calculation that political periphery rural settlements, and as long as they can hold Bangkok they have the country." As long as the degree of corruption among officials does not advance too far ahead of that built into the economy generally, the Thais are unlikely to support the drastic revolutionary movement required to uproot it entirely, he adds.

But no one rules out the possibility of a Communist take-over across the border and some officials and ministers are already saying Malaysia could, if necessary, learn to live happily with such a situation, provided its own integrity were respected at Government level and that any border squabbles remained free from third party interference. Similarly, ASEAN could accommodate a Communist movement over the presence of Muslim rebels in Sabah and Thailand, they say, though they

ouragement

first major test, at the end of Non-aligned in Colombo last was not encouraging. 's zone of peace programme under stinging from both Vietnam and Thailand, which expressed strong support over the involvement of ASEAN members with the time the programme evolving and over strong U.S. influence in the region. After this proposal were quietly

minor officials in Kuala Lumpur insist that this was not the case and are taking into account the fact that the proposals were not formally

For the time being content to push in bilateral contacts out the region. They that Vietnamese and suspicion that the pro-utrality would turn out-communist is reasonable view of the U.S. and wealth military pre-

Asian countries and perspective of recent history, they accept suspicion needs to be by positive action in-dictate dismantling of its military bases. In the present case, a senior foreign official, "This zone of ist be phased in system with gradual dis-ent from military to a point where no in the area has any pacts, bilateral or ural." The idea requires port not only of the nations, which would not be able to attack each other of the major powers, which would be promise not to interfere regional squabbles and establish a military

his support is won, and Affairs officials are positively about five head, any remaining dismantling must be dismantled to sustain it, after which each would be left to arm it, if it saw fit, possibly to regional guidelines a ban on nuclear arms.

interim, Malaysia is ng close relations with India, and despite earlier Malaysia are expected to con- is optimistic that the form to the new economic policy of new embassies in fact the authorities have Hanoi will be come to rely a great deal on another in Phnom Penh, borrowing by topic unlikely to have companies, provident funds, in

it is due to the vigilance of the bank, and in particular to the non-sense attitude of its powerful governor, Tan Sri Ismail Ali, that the financial scene in Malaysia has not been shaken by major scandals that could undermine public confidence.

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Finance and investment

More recent rumblings over the arrest in Singapore of Mr. Arun Senkuttuvan, a journalist alleged to have helped relay to the Malaysian leadership critical comments made privately by Mr. Lee last year, indicate that all is not back to where it was, and senior Ministers say

Singapore will find Malaysia far less co-operative than it has been—and for some time to come.

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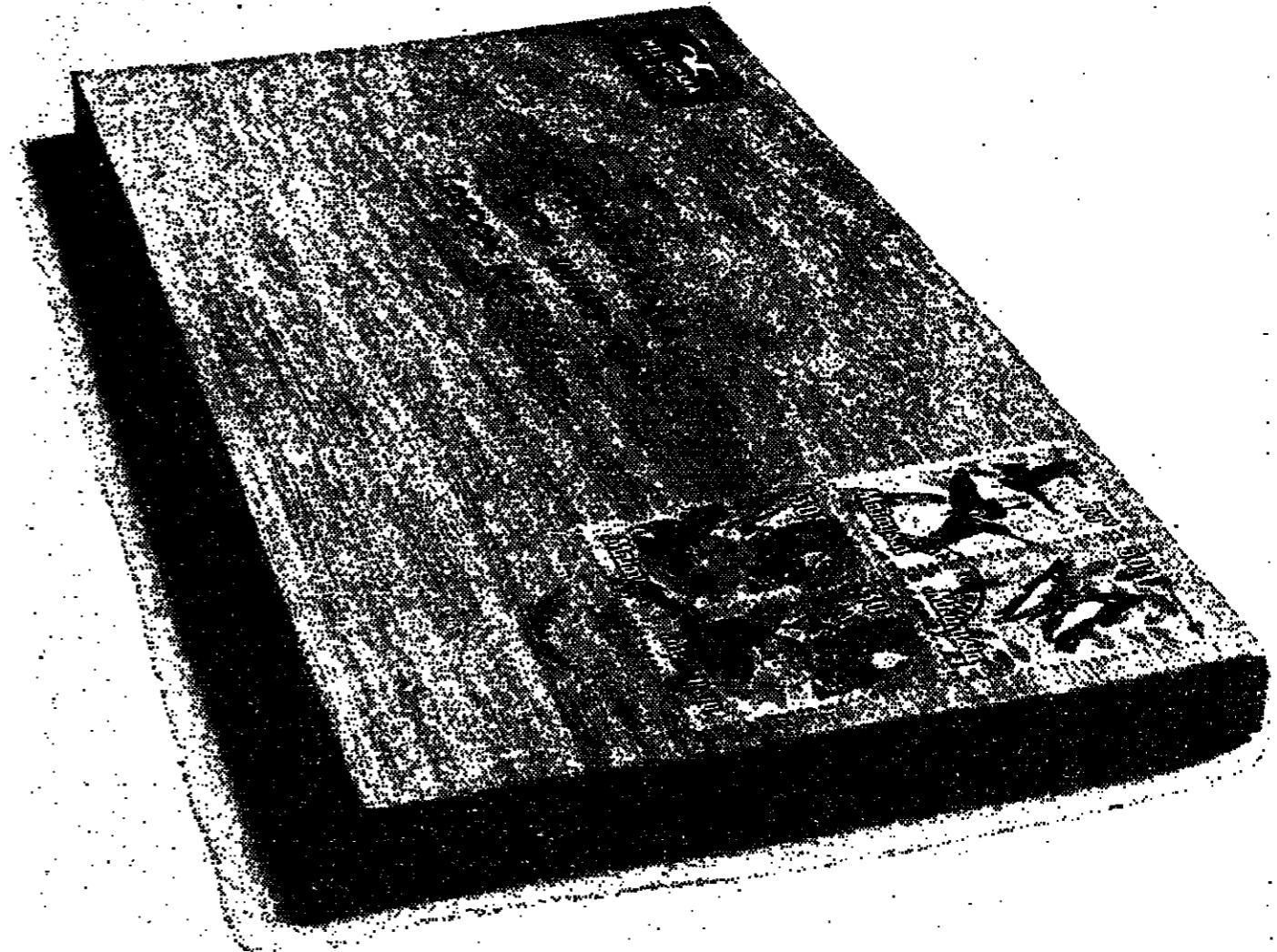
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But now we also have interests in construction plant and equipment; forestry, wood processing and wood-working machinery; pharmaceuticals; marine equipment; electrical appliances and heavy electrical equipment; assembly and distribution of automotive and agricultural vehicles; medical, hospital and

THE MALAYSIAN Government business conferences were swallowed its pride and quickly organised, and the very braved the criticism of more top of the Malaysian echelon nationalist-minded. Malays in went out to meet the private order to go out of its way to sector to reassure them about calm the nerves of investors—the Government's commitment both foreign and local. Privately, in the free enterprise system, many Ministers now admit that their investments were the two pieces of legislation—the Petroleum Amendment Act and the Industrial Coordination Act—passed in 1975 had been disastrous in driving away investors. As a result, the authorities have been spending much of the past year trying to undo the harm done.

"I must admit we had had prior warnings about the repercussions of the two Acts," said a Malay Minister. "But we thought we could try and make a frontal attack in the implementation of the new economic policy."

The introduction of the two laws could not have been more badly timed. Investors were getting very jittery about the future of South-East Asia following the rapid collapse of Indo-China to the Communists. In Malaysia itself the Communists, buoyed by the Indo-China victories, launched a series of sensational attacks throughout the country. Businessmen in Malaysia were also feeling uncomfortable at the sight of the growing number of Government—sponsored organisations—both federal and State—probing their tentacles in areas traditionally regarded to be the preserve of the private sector.

Against this background of uncertainty and apprehension, the two Acts only strived to confirm the gloom. The flow of foreign investments suddenly dried up. Private investment actually registered a fall in 1975 because of the economic recession and the uncertainty, and it picked up by only a miserable 3 per cent last year—very much below the 10 per cent target envisaged in the Third Malaysia Plan.

The Government was visibly alarmed; the concern being compounded by the fact that the economy had been performing splendidly during the past year. Yet investors are not showing any interest in taking advantage of the boom.

A couple of Ministerial investment missions were sent overseas to reassure potential investors in Europe and Australia. At home numerous

foreign businesses appear to be partially mollified by recent Government actions and assurances, but they are still somewhat uncertain and apprehensive. This feeling of uncertainty over Government policy is complicated by the recent Board battles in Sime Darby and Golden Hope: during which

the controversial aspects of the Petroleum Development Act, including the sweeping provision for management shares to Petronas, were also removed. So long as the management share concept remained in the law, foreign investors were worried that such an idea might be extended to cover other industries. The Government had had several lengthy meetings with the private sector on the Industrial Co-ordination Act, and is preparing to push through some amendments at the current session of Parliament which should ease the fears of manufacturers, especially the Chinese. Manufacturers are unhappy over the Act; as they see wide scope for the Government to force them to restructure their equity, work force, marketing, and distribution in favour of the Malays, as well as to alter their lines of operation.

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writing of loans, was highlighted during the past months, as investor doing business in Malaysia is so much easier and more pleasant than doing business elsewhere. But what is expected to come in the wake of corporate changes. Since their appearance in Malaysia, merchant banks are worrying that the Government may drastically change the rules of the game. This is a legitimate concern, as foreign sources, like

Ringgit 500,000 and Ringgit 750,000 for the misdeeds of some of its directors. Normally, Bank Negara prefers to use moral persuasion to get the erring directors back to the correct path, but if that fails, it imposes fines, or instigates the restructuring of the bank's capital, while removing the recalcitrant directors from the Board.

"It would perhaps take a whole generation to educate a new breed of bankers who understand they are trustees of public funds, and the proper use of such funds call for a combination of the dynamism of private enterprise, and the social consciousness of the public sector. The structure and management of the banking system are becoming critical with the kind of development plan we now have, with its emphasis on eradicating poverty, and correcting economic imbalances among the various communities, and between urban and rural areas," says Tan Sri Ismail Ali.

The money and capital markets in Malaysia have also grown in recent years, and judging by the substantial amounts of funds which the Government would require to raise domestically for its Third Plan, the local market should remain buoyant in the years ahead. In 1970, there were two rather inactive merchant banks. Now there are 11 such banks with a paid-up capital of about Ringgit 150m. Four discount houses are operating in Kuala Lumpur, while there was only one a few years ago.

The main instrument in the money market is the Treasury bill, which has grown in value from less than Ringgit 500m, 10 years ago to more than Ringgit 1.8bn. Since August 1973

Treasury bills were issued on tender instead of on tap, thereby introducing a further degree of sophistication in the market, as participants had to keep track of market conditions in their bids. The participants in Treasury bills and other Government securities are mainly the banks, borrowing companies and big institutional investors, who have to keep a certain amount of their deposits in Government securities. To improve the liquidity of Government securities, the Central Bank is encouraging their holders to develop an active secondary market.

Instruments

Most bankers feel that the money and capital markets in Malaysia could expand their activities and develop further sophistication through the introduction of more money market instruments, but Bank Negara tends to adopt a cautious approach in assessing the implications of any proposed innovations before introducing them. "It would not be proper for us to introduce new monetary instruments merely for the sake of increasing variety or because they are successful elsewhere. We need to consider whether or not they would be suitable for the conditions existing here, and whether they would help to achieve the objectives of our national development," says Tan Sri Ismail Ali.

The role of merchant banks in Malaysia, especially as corporate advisers, and arranging for transfer, and underwriting

MALAYSIA VIII

Foreign investors return

THE MALAYSIAN Government business conferences were there were charges of "back-door remaining 40 per cent, for the Malaysians, he says, advertise another frustration nationalisation" and "Government pressure" coming from the mean that foreign investment to particular foreign companies, is that often the more the more the foreign and flexibility shown London end.

There was certainly a high level of Government involvement, directly—and, more important, indirectly—in the foreign share by 1990 is expected to be four times bigger Sime Darby struggle, as it is expected to be four times bigger than at present. In the plants holds such a small block of tin and tin mining industries, shares, could stage such a coup the Government wants the foreign companies to implement the NEP immediately. As such, On the other hand, the whole more and more such companies unhappy episode could have now based in London are expected to transfer their domicile to Kuala Lumpur, and subtle undercurrents in the future their equity in the process. But this, the Malaysian Government stresses, is not nationalisation. As far as possible the Government will not interfere in individual boardroom battles. Sime Darby was a special case. It is a multi-national company with plantation, trading, heavy industry, and make profits. Foreign exchange regulations are very liberal, and investment incentives are sufficiently attractive. Labour is young, educated, and still cheap.

Adds Dr. Mahathir: "The possibility of Jack Jones surfacing here is remote. Nor will you see in this country workers taking over foreign factories in order to demonstrate their nationalist sentiments. On top of all these, Malaysia is a resource-rich country."

"We do not deny all these attractions," counters an American banker. "For the foreigner to play the major role in promoting growth and development under the Third Malaysia Plan, the private sector, with the anticipated growth of Ringgit 4.5 per cent, will be able to meet its target of 8 per cent growth. The foreigner is likely to hold back longer, and take the local investor to demonstrate their nationalist sentiments. On top of all these, Malaysia is a resource-rich country."

The private sector is indicating its interest in picking up the major Boardroom battles in the wake of corporate changes. Since their appearance in Malaysia, merchant banks are worrying that the Government may drastically change the rules of the game. This is a legitimate concern, as foreign sources, like

Ringgit 3.6bn, are expected to be feels that commercial banks fear, and this has been demonstrated by the introduction of the foreigner can come into the Petroleum Act, and the foreigner can go to the Stock Exchange was the application of the Securities Industry Act last December, giving over-riding powers to the Government on the Exchange, and giving legal status to the powerful Capital Issues Committee.

The most important development affecting the Malaysian Stock Exchange was the application of the Securities Industry Act last December, giving over-riding powers to the Government on the Exchange, and giving legal status to the powerful Capital Issues Committee.

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WORLD BANKING

APRIL 25 and MAY 2 1977

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Part 1, on April 25, will include in its editor coverage analyses of the international financial and economic situation; international monetary arrangements; international interest rate trends; gold, foreign exchange, and developments in a number of countries, mainly in Europe.

Part 2, on May 2, will contain articles on pound; the dollar; the Euromarkets; foreign finance; non-OPEC developing countries; development finance and new international financial centres in the Middle East. Other articles will review financial and industrial developments in a number of countries, including the United States, Japan and COMECON nations.

The proposed publication dates are April 25 and May 2; copy dates are April 11 (Part 1) and April 18 (Part 2). For further details of the synopsis and advertisement rates contact Helen Lees, 01-248 3000, extension 2, Financial Times, Bracken House, 10 Canaan Street, London EC4P 4BY. Telex: 885033.

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WS.

Plenty to attract the tourist

TOURISM has registered steady growth over the years with nature—the industry employs the U.K. alone were down 15 Malaysians to visit Sumatra and more than 1m. visitors recorded an estimated 30,000—tourism per cent. Japanese arrivals since 1974. Last year, a difficult avenue for implementation of the Government's new economic policy, and other cities to rise 30 per cent. to 63,000 but this gain was not large enough to offset the overall decline.

The Third Malaysian Plan foresees further growth, with visitor arrivals projected to reach 1.8m. by 1980. The industry's growth potential appears restricted only by the Government's cautious approach to further expansion arising from a desire to ensure that traditional customs and cultural values are not sacrificed in the rush for the tourist dollar.

But while long-term prospects appear bright, the industry has a modicum of immediate problems. When most other sectors began to shake off the effects of the worldwide recession last year, the relative prosperity the industry had enjoyed began to fizzle out. Before intensive promotional efforts in Europe had begun to pay off, air fares were raised, resulting in a drop in long-haul arrivals.

Although visitor arrivals were up 3.5 per cent. last year (this does not include arrivals via the National Park located in the heart of the jungle).

These now established attractions of the industry, combined with a sound infrastructure, visitors from Singapore from tourism. Well over 1m. Malaysians travel abroad each year but earnings from the industry from arrivals from Britain, Australia, not enough travel domestically to sustain the industry during almost Ringgit 275m. in 1972 to New Zealand, Western and to sustain the industry during almost Ringgit 400m. in 1975. Eastern Europe were down off-peak or lean periods. It is

Because of its labour-intensive nature—the industry employs the U.K. alone were down 15 Malaysians to visit Sumatra and more than 1m. visitors recorded an estimated 30,000—tourism per cent. Japanese arrivals since 1974. Last year, a difficult avenue for implementation of the Government's new economic policy, and other cities to rise 30 per cent. to 63,000 but this gain was not large enough to offset the overall decline.

The drop in long-haul visitors has had a significant impact on the habits of domestic tourists, their needs and places of stay. The hotel industry, in which stay some Ringgit 245m. has been invested over the past six years. In 1971 there were 4,900 rooms of international standard available. To-day the country has some 12,000.

Occupancy rates have plunged and luxury class hotels may have to shut down as many as a quarter to a third of their rooms. Staff retrenchments appear likely if the situation does not improve.

Favourite

Penang, for long a favourite of the European and Japanese tourist, has been particularly hard hit. With Thailand's tourism in the doldrums because of political uncertainties, fewer visitors to Bangkok are spilling over into Penang.

At least part of the industry's current problems stem from the difficulty of differentiating day-pass low-key approach to domestic tourism. Well over 1m. Malaysians travel abroad each year but earnings from the industry from arrivals from Britain, Australia, not enough travel domestically to sustain the industry during almost Ringgit 275m. in 1972 to New Zealand, Western and to sustain the industry during almost Ringgit 400m. in 1975. Eastern Europe were down off-peak or lean periods. It is

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The TDC has also undertaken regional studies of the whole country to assess each area's scope for development. Officials estimate that when all TDC plans take shape by the end of this decade, tourism will generate foreign exchange earnings of some Ringgit 900m.

The TDC now has offices and representatives in seven cities—London, Frankfurt, Tokyo, San Francisco, Bangkok, Sydney and Singapore. This year's promotional work will be concentrated on persuading Australians that Malaysia is an ideal stopover for those heading for Europe.

In an attempt to check the proliferation of tour agencies and operators, now estimated at well over 600, the TDC will this September enforce the Tourist Development Corporation (Registration and Control of Tourist Agencies) Regulations 1977. Besides requiring the registration of all operators, these provide for the setting up of a fund which will be used to compensate both local and foreign tourists stranded by the collapse of an agency.

Mervin Namibian

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In an attempt to check the proliferation of tour agencies and operators, now estimated at well over 600, the TDC will this September enforce the Tourist Development Corporation (Registration and Control of Tourist Agencies) Regulations 1977. Besides requiring the registration of all operators, these provide for the setting up of a fund which will be used to compensate both local and foreign tourists stranded by the collapse of an agency.

Mervin Namibian

Because of its labour-intensive nature—the industry employs the U.K. alone were down 15 Malaysians to visit Sumatra and more than 1m. visitors recorded an estimated 30,000—tourism per cent. Japanese arrivals since 1974. Last year, a difficult avenue for implementation of the Government's new economic policy, and other cities to rise 30 per cent. to 63,000 but this gain was not large enough to offset the overall decline.

The drop in long-haul visitors has had a significant impact on the habits of domestic tourists, their needs and places of stay. The hotel industry, in which stay some Ringgit 245m. has been invested over the past six years. In 1971 there were 4,900 rooms of international standard available. To-day the country has some 12,000.

Occupancy rates have plunged and luxury class hotels may have to shut down as many as a quarter to a third of their rooms. Staff retrenchments appear likely if the situation does not improve.

Penang, for long a favourite of the European and Japanese tourist, has been particularly hard hit. With Thailand's tourism in the doldrums because of political uncertainties, fewer visitors to Bangkok are spilling over into Penang.

At least part of the industry's current problems stem from the difficulty of differentiating day-pass low-key approach to domestic tourism. Well over 1m. Malaysians travel abroad each year but earnings from the industry from arrivals from Britain, Australia, not enough travel domestically to sustain the industry during almost Ringgit 275m. in 1972 to New Zealand, Western and to sustain the industry during almost Ringgit 400m. in 1975. Eastern Europe were down off-peak or lean periods. It is

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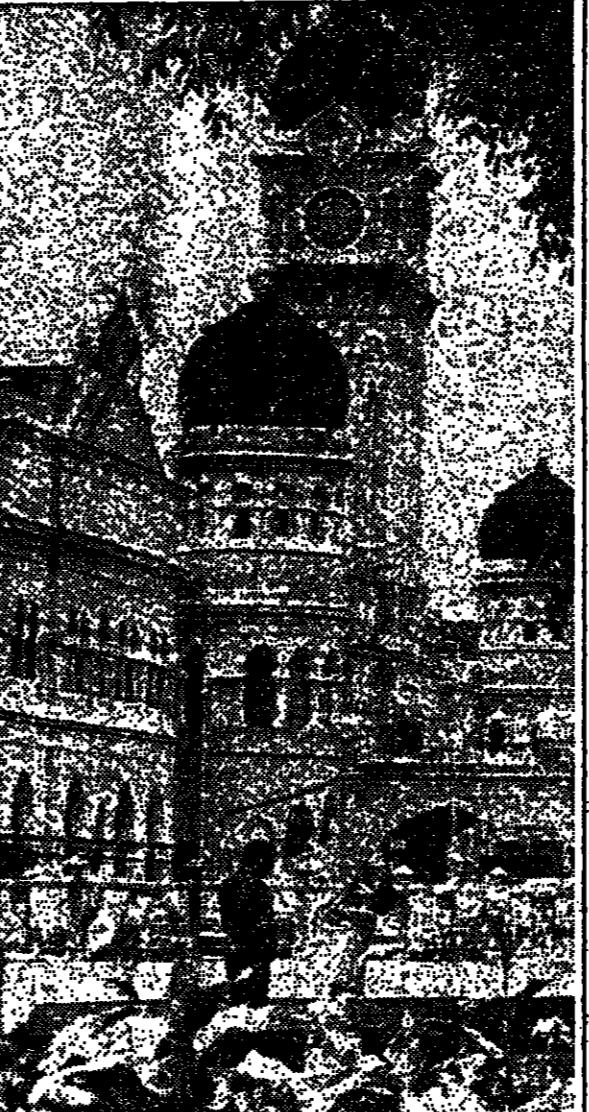
Mervin Namibian



Malaysia's beautiful hand-printed batiks and rich hand-woven songket (brocades) are famous the world over. They come in a riot of colours and patterns.



In Sarawak, an Iban debutante dons her ceremonial headdress for a festival in the longhouse—an extended communal home which can hold from 10 to 100 families.



A major landmark of Kuala Lumpur, Malaysia's capital, the Moorish-style Sultan Abdul Samad building was completed in 1897. It overlooks the Seangor Club and padang where sedate games of cricket are still being played.

If you dream of a vacation full with all the magic of the East, there's one place you must go.

All you ever dreamed of the East: All the people, the cultures, the foods, the costumes. The mosques and the temples. The spice of cooking. The spice of living.

Palm trees running down to deserted white beaches. Bazaars to bargain for handmade treasures. The warmth of the sun only challenged by the warmth of the people.

It's all here in Malaysia. We're just north of the equator. On our west coast the Straits of Malacca flows into the Indian Ocean and the South China Sea cools the beaches on the east.

As traders of old found, Malaysia is a perfect stop on a journey. But you'll very soon realize why so many people wish to stay on.

We have so much to tell you. About the beautiful hospitality of our hotels. How surprisingly inexpensive a holiday can be here. Write your name and address on a piece of paper and post it to us. Do it now.

You've waited long enough.

Tourist Development Corporation of Malaysia, 17 Curzon Street, Mayfair, London W1Y 7FE, UNITED KINGDOM, Tel: 01-499 7388

MALAYSIA
It's all here.



Dragons and demons at the entrance of the Thai Buddhist temple.

Palm oil tops world league

MALAYSIA carved out an even bigger slice of the world's palm oil trade last year, increasing its share of global output to 45 per cent. against 42 per cent. in 1975. Adverse market conditions largely arising from oversupply in the vegetable oils and fats market and a strong lobby against the commodity in the U.S. however, robbed palm oil of its ideal position in the agricultural sector during the first half of this decade—but helped reinforce official views on the need for long-term measures to stabilise the industry.

Malaysian palm oil moved firmly into the forefront of the edible oil market with production totalling some 1.3m. tonnes last year, 9.4 per cent. up from 1975. Official projections are that the industry will expand production by an annual average of 15 per cent. until 1980 as an increasing number of planted areas reach maturity.

Exports of both crude and refined palm oil were 14 per cent. higher at 1.3m. tonnes but with prices depressed at an average of about Ringgit 844 per tonne when supplies of cottonseed oil (fob) export earnings were 14 per cent. lower at some Ringgit 1.1bn.

The easier market pushed palm oil from second place in terms of export earnings in 1975 to fifth place behind rubber, petroleum, timber and tin.

While the Government has admitted that the current rate of expansion cannot continue indefinitely without a situation similar to that faced by the rubber industry in the 1960s, developing progress towards regulating the industry has been very slow.

The Palm Oil Registration and Licensing Authority (PORLA) passed by Parliament eight months ago, is still awaiting implementation and officials are somewhat embarrassed that progress has not gone beyond the shortlisting of potential candidates to head the body. PORLA has been given the all-important task of ensuring that further expansion in production is in line with world demand. To achieve this it has been accorded wide powers to regulate supply, sale, distribution, storage and exports of palm oil, fresh fruit and palm kernel.

Cultivation by the two Government-sponsored agencies, the Federal Land Development Authority (FELDA) and the Rubber Industry Smallholders Development Authority (RISDA) are also expected to be hit by the recent U.S. decision to withdraw support for meat of industries producing or using refined palm oil, while

Malaysian oil is also being strengthened as a supplier of an increasing amount of palm oil, expected to be within the next part of the over development. Kuala Lumpur will levy a 26 per cent. of total Malaysian output.

Much of the adverstity palm oil now faces in the U.S. stems from inroads into the American market as early as the mid-1960s when supplies of cottonseed oil (fob) export earnings were 14 per cent. lower at some Ringgit 1.1bn.

The easier market pushed palm oil from second place in terms of export earnings in 1975 to fifth place behind rubber, petroleum, timber and tin.

The increasing economic recovery has that 1977 will be for the industry. Officials expect to firm some six average at Ringgit 1.1bn.

At least part of that palm oil earnings are expected to be within the next part of the over development. Kuala Lumpur will levy a 26 per cent. of total Malaysian output.

New markets are sought in West Pakistan, where because of palm oil price differential, edible oils. Product areas will also try to add lower freight charges.

Mervin Namibian

labourers are still among the tries have copied the system, poorest groups. Under the and have come out with their Third Malaysian Plan, the own technically specified rubber brokers in Kuala Lumpur are to the Exchange system, which is b monitor transacti exchange rates matters relating to

The Exchange is self for the role a clearing house for commodities, mark produces rubber, timber, tin and peat, substantial quantities, modulated market is which the authority priority. An Ameri dities exchange engaged to examine nics of operating in Kuala Lumpur.

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COMPANY NEWS + COMMENT

Barratt slips but unit sales up 30%

FIRST half to end-December, turnover of Barratt Developments increased from £33.26m. to £43.76m. but pre-tax profit dropped from £4.26m. to £3.54m. Margins have been under pressure with cost inflation and the incomes policy taking their toll, state the directors.

However, despite the severe economic climate currently affecting the house building industry, the number of houses built and sold rose by 30 per cent, making a total of 3,000 for the full year 1976—this is the fourth consecutive year in which this rate of expansion has been achieved, it is stated.

The net interim dividend is being raised from 1.525p to 2.2p per 10p share—last year's total was 3.5525p and profits were £9.77m. record.

The strong forward sales position supported by the excellent land bank, will enable the group to take full advantage of the recent upturn in the private sector. Current building activities extend over 260 developments throughout Britain, say the directors.

The group's involvement in both contracting and commercial development continues to make satisfactory progress; in particular future rental income will receive a substantial boost from two fully let major office developments in Scotland which will be completed this year.

Half-year turnover £17.8m. (1975 £17.5m.) Trading profit £2.08m. (1975 £2.21m.) Land sales profit £3.54m. (1975 £2.09m.) Pre-tax profit £3.54m. (1975 £2.26m.) Net profit £2.54m. (1975 £2.07m.) Pre-acquisition profit £1.54m. (1975 £1.98m.) Interim dividend 1.525p (1975 1.29p) Balance £1.29m. (1975 £1.477m.)

+ including rental income.

Comment
Barratt Developments' finance costs jumped from £49.000 to just over £1.5m. in the half-year to December, and its operating costs rose by about 15 per cent. Prices, on the other hand, increased by only about 7 or 8 per cent. Margins will still have been under heavy pressure in the third quarter, but the group hopes to sell 2,500 units during the year, taking the total up to 9,500 compared with 6,800 in 1975-76, and the recent upturn in the market should start to show through in profits later in the year.

Meanwhile, expansion of land and work in progress has pushed bank borrowings further ahead from £17.9m. in June to something in the order of £35m. at December. The group aims to reduce this figure to not more than £20m. by the year-end, by which time net assets, assuming pre-tax profits of, say, 85p, could be more than £5m. By the standards of the sector, a prospective p/e of perhaps 50 and yield of nearly 14 per cent at 85p are not especially attractive.

Statement Page 23

Blackwood Hodge (Canada)

A turnaround from a profit of £6.78m. to a loss of £1.59m. of approximately £650m. compared is reported by Blackwood Hodge (Canada) for 1976. Turnover for the period fell from £10.75m. to

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Associated Sprayers	27	8	Metalex	27	7
Barratt Developments	26	1	Mucklow (A. & J.)	27	3
Black & Edgington	26	7	Ofrex Group	26	3
Brent Chemicals	26	5	Paterson Zochonis	27	6
Burgess Products	27	3	Pifco Holdings	26	7
Clayton Dewandre	26	4	Quick (H. & J.)	26	3
Dufay Bitumastic	28	6	Reckitt & Colman	27	1
Dunlop & Dundee	26	5	Rolls-Royce Motors	28	5
Fisher (James)	26	5	Scottish Life	27	7
Freemans (S.W.9)	27	4	Willis Faber	26	2
Inveresk Group	28	5	Wolstenholme Bronze	27	4

The loss per share is given at 38 cents (earnings 132 cents) and there is no dividend compared with a total of 50 cents.

After a 10s credit of £0.73m. (charge £0.35m.) the net loss was £0.88m. (profit £0.32m.).

Blackwood Hodge has a 75 per cent. interest in Blackwood Hodge (Canada).

Willis Faber pays 7.5p

DOE LARGELY to the inflow of additional business to London, appreciation of foreign currencies and substantially improved results from associated companies, pre-tax profit of Willis Faber for 1976 was £16.22m., against £10.15m. for 1975. This compares with a forecast £15.25m. when the company was introduced to the Stock Exchange in November 1976. The directors state that in view of the higher profit, they have decided to recommend a final dividend of 5p net per 23p share, against a forecast of 4.5p. This makes the total for the year 7.5p. Earnings were shown at 18.8p against 12.24p. Because of the re-organisation of the company's capital which occurred as a result of the introduction, there is no comparable figure for the dividends for the previous year.

Income £19.7m. (1975 £17.3m.) Expenses £24.867m. (25.221m.) Premiums on insurance company £13.424m. (12.817m.) Group profit £2.357m. (1.794m.) Share associates £1.307m. (1.251m.) Profit before tax £1.025m. (1.025m.) Net profit £0.725m. (0.725m.) Extraordinary items £0.88m. (0.88m.) Minority interests £2.243m. (2.243m.) Preference dividends £45. (362) Interim Ordinaries £45. (362) Final £2.000m. Retained £1.200m. Group Associates £450. (350)

Comprises the group's net retained brokerage, fees and commissions, interest on net assets, net investment income being net retained premium income plus investment income, totalled £2.5m. (£2.15m.). Includes £48.000 in respect of losses incurred on listed Stock Exchange.

The insurance broking subsidiaries handled gross premiums of approximately £650m. compared with an equivalent figure of £520m. in 1975. In 1975, say the directors, These figures include neither the premium income of the overseas

abroad, says Mr. Drexler, and prices were not increased on the scale at which spiralling costs could have warranted. The results therefore reflected the streamlining and slimming down of the operation which, coupled with increased efficiency and productivity all round, was beginning to bear fruit.

• comment

The recovery at Ofrex is taking slightly longer to complete than was hoped. There have been further redundancies this year and the engineering company continues to make losses. Nevertheless, there has been real progress. Against the very depressed second half of 1975, profits in the six months to last December rose 47 per cent, and the turnaround to a small profit in the States reduced the tax burden to the advantage of net earnings. This year France should also make a small first-time contribution. At home, Rexel's recovery is the significant factor; together with Industrial Fasteners (which has continued to advance), it again forms the backbone of the company. This year the export order book has improved and, though growth is still slow, the company's real weakness is on the engineering side. However, at 65p the shares give a p/e of 7.3 which probably fully reflects the prospects. The yield is 7.7 per cent.

• comment

In the aftermath of the double Jumbo jet disaster the shares of Willis Faber dropped along with prices in the rest of the insurance sector yesterday—a curious reaction in the case of the brokers, for the huge claims could at last bring an end to the slide in aviation rates which has been a problem for brokers in the sector. Meanwhile Willis's results for 1976 are well up to expectations, emerging 7 per cent ahead of the forecast given at the time of the stock market listing in November. Although gross premiums handled were not startlingly higher, showing growth of 25 per cent, the group's income (mainly brokerage and fees) was up 37 per cent, showing how Willis has benefited from the fall in sterling and the inflow of U.S. business to London; costs were up only 24 per cent. The current year will see double property expenses during the move to the new HQ building, but the group is looking for "reasonable modest growth". At 227p, down 13p, the shares enjoy a slight premium over the sector, perhaps due to Willis's temporary dividend freedom: the yield is 5 per cent.

Ofrex up 28% to £2.19m.

ANNOUNCING a 28 per cent. advance from £1.71m. to £2.19m. in pre-tax profit for 1976, Mr. George Drexler, chairman of Ofrex Group, reports a buoyant start to 1977 and forecasts a further strong improvement.

The first two months of 1977, he adds, are the most promising that the group has recorded for several years. Virtually all companies have achieved record figures.

At the interim stage, pre-tax profit was up by 18 per cent. from £1.025m. to £1.22m.

Turnover for the year rose by 18 per cent. from £21.1m. to £23.9m. After tax up from 20.5m. to 22.4m. Earnings increased from 50.81m. to £1.1m. equivalent to earnings per 20p share of 8.67p (8.38p).

A final dividend of 2.01p raises the net total to 2.85p to 3.16p. There was strong competition for the group both at home and abroad, says Mr. Drexler, and a p/e of 7.8.

• comment

Sansing demand for commercial vehicle components beset Clayton Dewandre throughout 1976, and a 21 per cent. drop in second-half profits has left the annual pre-tax level 8 per cent. lower. The whole commercial vehicles sector was depressed during 1976, with production for the home market slipping by 8 per cent. The export markets held up rather better but this is an area where the group still seems to be lagging behind its competitors. In 1975 its exports represented only 11 per cent. of total sales and it apparently fell below that last year. Commercial vehicle production is improving in the current year. In February output for the U.K. and export markets combined was up by 8 per cent. and the group is now enjoying better conditions, though increasing costs are keeping margins under pressure.

At half-way when there was a standstill on 50.81m. the directors said they were hopeful that full-year profits would show some improvement over the previous year. Yearly earnings per 50p share are up from 13.64p to 13.84p and the final dividend is 1.38p, net. The net total is 2.45p compared with 2.73p.

As already known, revenue before investment income of £106,000 (£64,000) Tax taken £26,500 (£26,200), leaving net profit of £36,200 (£35,200).

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The first half turnover was £0.61m. (£0.51m.) and profit £0.36m. (£0.13m.).

For the year stated earnings were 5.62p against 3.58p and the final dividend is 0.525p net for a total of 1.032p (0.924p), as forecast.

Tax takes £100,000 against £49,902 and attributable balance is £33,436 compared with £307,677.

• comment

Passenger and commercial vehicle dealers, H. & J. Quick Group, has turnover of £24.15m. to £25.97m. during 1976 and profit was a record £0.51m., compared with £0.28m. subject to tax of £0.27m. against £0.36m. (20.29m.).

Profit was after interest charges of £0.36m. (20.29m.).

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• comment

Mr. Hugh McMichael, chairman of Edinburgh and Dundee Investment Company says in his annual statement that present estimates suggest that, there is no major change in investment policy, namely per share for the current year, 1977, and modest increases. It, however, it appears appropriate for policy reasons to move money from high-yielding Government securities or deposits into U.K. or foreign equities, the earnings outlook would become less favourable.

Subject to wholly unforeseen circumstances, however, it is

intended that the current rate of dividend of 3.50p per share should

at least be maintained, and that the interim dividend should be increased from 1.20p to 1.50p per share to reduce the disparity between the interim and final payments.

He states that it is difficult to

be enthusiastic about the outlook

for U.K. Ordinary shares. In the

U.S. economic recovery, which

had been proceeding at a modest

pace, may suffer a temporary

setback because of the spell of

unusually bad weather, and fears

have been expressed that the

economic policies of the new

administration may prove to be

inflationary.

Nevertheless, having regard to

the inherent strength of the

American economy and the great

diversity and liquidity of the

American stock market, in which

good stocks do not appear to be

over-valued at current prices, the

U.S. appears at present to be the

most attractive country for equity

investment. At the year-end 34

per cent. of the company's assets

was invested in U.S. common

stocks (the total proportion in

foreign equities being 48 per

cent.) compared with 30 per cent.

in U.K. Ordinary shares. This

distribution is considered desir-

DIVIDENDS ANNOUNCED

Date	Current payment	Corporation of payment	Total for year	Total last year
May 27	1.83	—	5.51	—
May 27	2.18	2.33	5.35	5.35
June 8	4.01	5.98	5.43	5.43
May 16	4.05	5.51	5.38	5.38
May 31	1.3	2.73	2.49	2.49
May 23	2.34	5.52	5.44	5.44
July 1	—	—	5.06	5.06
—	—	—	5.85	5.85
May 20	0.52	—	3.08	—
May 2	0.52			

MINING NEWS

Mr. MacGregor wears a ring of confidence

BY KENNETH MARSTON, MINING EDITOR

AS ELECTRICITY generation sources of energy and minerals per cent. and Equitable Assurance will have 3 per cent. utilities "catch up on almost four and an increasing question about the supply of new investment years of doing nothing" copper capital." prices will continue to recover capital." and will top \$1 per pound (the current free market price is 70 cents) before the end of 1980. This forecast was given by Mr. Ian MacGregor, chairman of Amax, to our Perth Correspondent in an interview on Sunday.

Before his departure from Australia to London, Mr. MacGregor added that the world's copper mining industry is well equipped to meet the sharp increase in demand which he expects. Rising demand, he pointed out, would be compounded by communities being forced to use more efficient ways of using fuels, swinging away from direct burning towards conversion to electricity.

Our man in Perth asked for the Amex chairman's view on the U.S. economy. "It is doing fine," was the reply, "the second quarter will be a very fine quarter. It will show the steady and substantial expansion of our economy. He added that "our biggest problem is that political stabilisation in Europe has resulted in industrial investment being held back."

Looking at Australia, Mr. MacGregor pointed to great scope for direct reduction of Pilbara iron ore using natural gas. He also reckoned that the bauxite-based total resource development in the Kimberley region had been probably moved back into the 1980s and would depend largely on how infrastructure costs could be reduced.

Meanwhile, Mr. MacGregor's message in the 1976 Amex annual report is one of good cheer. He sees encouraging prospects this year for improved markets for the products of the mining, metals and fuels industries.

But he warns that long-term growth depends on the ability to meet increased demand for raw materials, "in a climate clouded by the restraints on the development and utilisation of new 15 per cent. Fluor will have 10 conditions of 1974.

Mineworkers' shorter week

Backward march

AUSTRALIA'S opposition spokesman on minerals and energy, Mr. Paul Keating, has said that the possible introduction of a five-day working week in the future Australian Labor government would reduce tax deductions on allowable capital expenditure on assets used to develop a mine or a field.

He told a seminar organised by the Australian Mining Industry Council that a future Labor 11-shift fortnight, which is to be introduced next month, is due in 1976-77. Instead of six months as agreed, the week at that stage is considered to be too expensive.

It is pointed out that to main-

tain the 11-shift fortnight, the in-

dustry will have to face addi-

tional investment of R\$9m. a year and increased

working costs of some R15m. The union recognises that there are certain old collieries and gold mines which for financial and technical reasons cannot convert to a shorter working week in the Kimberley region. The Kimberley region had been

probably moved back into the 1980s and would depend largely on how infrastructure costs could be reduced.

ROUND-UP

Responding to the desire of the Minister for National Resources, Mr. Douglas Anthony, to amend the plan, which changes the percentage holdings in the corporation, shows that the market for zircon shows no significant change from the de-

velopment. Mining in the Williams River area will each have 27.5 per cent. Bechtel and Boeing will each have declined following the buoyant conditions of 1974.

MONEY MARKET

Moderate assistance

Bank of England Minimum balances from Friday, and Lending Rate of 10% per cent. (since March 18, 1977)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave moderate assistance by lending to five or six discount houses, overnight at Bank of England Minimum Lending Rate of 10% per cent.

Banks carried forward surplus 10 per cent.

Government disbursements exceeded revenue payments to the Exchequer. On the other hand, there was a net market take-up of Treasury bills, and repayment was made of official advances at the market on Friday.

Discount houses paid 10-10½ per cent. for settled calls, loans in the early part, and closing balances were taken at around

In the interbank market overnight loans opened at 10-10½ per cent. and eased to 9½ per cent. before closing at 10-10½ per cent. Short-term fixed period interest rates were generally easier. Interbank rates tended to decline at the close, and discount houses buying rates for Treasury bills were also easier.

Rates in the table below are nominal in some cases.

Mar. 28 1977	Sterling Certificates of deposits	Interbank Authorised deposits*	Local Authorised deposits	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills 6	Eligible bills 6	Fine trade bills 6
Overnight	9½-10%	10½-10%	—	—	11	9-10½	—	—	—
2 days notice	—	10½-10%	—	—	—	—	—	—	—
7 days notice	—	10½-10%	10½-10%	10½-10%	—	10½-10	9½-9½	10	11
One month	10½-10½	8½-10½	10½-10½	10½-10½	—	9½-10	9½-9½	11-10½	11-10½
Two months	10½-10½	8½-10½	10½-10½	10½-10½	—	9½-10	9½-9½	11-10½	11-10½
Three months	9½-10½	8½-9½	10½-10½	10½-10½	—	9½-10	9½-9½	11-10½	11-10½
Six months	9½-10½	8½-9½	10½-10½	10½-10½	—	9½-10	9½-9½	11-10½	11-10½
Nine months	9½-10½	8½-9½	10½-10½	10½-10½	—	9½-10	9½-9½	11-10½	11-10½
One year	9½-10½	8½-10½	11-11½	10½-10½	11	—	—	—	—
Two years	10½-10½	12-12½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rates for small three years 12½-13 per cent.; four years 13-13½ per cent.; five years 13½-14 per cent. Bank bill rates in table are nostro rates for prime paper. Bearer rates for four-month bank bills 9½ per cent.; four-month trade bills 11-10½ per cent.

Approximate selling rate for one-month Treasury bills 9½-10 per cent.; two-month 9½-10½ per cent.; and three-month 9½ per cent. Approximate selling rate for one-month bank bills 9½-10 per cent.; two-month 9½-10½ per cent.; and three-month 9½ per cent. One-month trade bills 10½ per cent.; two-month 10½-11 per cent.; and three-month 10½-11 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent. from March 1, 1977. Clearing Bank Deposit Rate for small sum of seven days' notice 9½ per cent. Clearing Bank Base Rates for lending 10½ per cent. Treasury bill average tender rates of discount 9½-10 per cent.

Mail Order freemans

Preliminary results for the year ended 29 January 1977

Year ended January	Turnover	Profit before tax
1973	£67m	£6·6m
1974	£83m	£7·6m
1975	£105m	£7·0m
1976 (53 weeks)	£137m	£8·2m
1977	£141m	£10·3m

Profits top £10m

freemans

Copies of the Annual Report and Accounts, when published, will be available from the Company Secretary (01-735 7644)

Freemans (London SW9) Ltd, 139 Clapham Road London SW9 0HR

Canadian Golds in costs battle

IN AN attempt to reduce the effects of last year's low bullion prices, Canadian gold mines have been trimming costs and mining higher grades. Official statistics show that the average price received for Canadian gold last year was \$123.25 an ounce.

But Panorex Petroleum Mines, which is 49 per cent. owned by Noranda, found that its average cost for each ounce of gold produced was \$148.29. Although the cost had been reduced to \$128.51 by December 1976, Panorex still recorded what our Toronto correspondents report as being the largest loss ever made by a Canadian gold mining company.

At Vernois Packaging plans for further developing the scope and scale of operations are also under active review. They expect a gradual recovery in demand and profit during 1977 at Inveresk Stationery.

They confirm their earlier report that the improving trend of the last quarter of 1976 continued in the first two months of the current year. The company is well placed to take full advantage of further increases in demand in its UK and overseas markets.

As reported March 8, pre-tax profit for 1976 increased from £340,000 in 1975 to £500,000. The directors state that they expect to report a better level of profit in the second half.

Stated earnings per share for the year ended March 31, 1977, were 44p (1976, 36p). The dividend total is raised from 13½p to 15½p with a reduced credit of 10½p (1976, 10p).

The directors state that they expect at least to maintain the rate of dividend for the current year.

A STEADY £340,000, compared with £340,000 in the second half, gave Druce Petroleum pre-tax profit of £102,000 for 1976. The directors say that they have been able to report a better level of profit in the second half.

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At Giant Yellowknife Mines, the Falconbridge group, there is a similar picture. Operating costs were held back to \$12.1m. last year after \$13m. in 1975 and production was pushed up, in spite of a slightly lower grade. But there was still a net loss of \$106,132 (£102,900) against a profit of \$205,357 in 1975. One interim dividend of 10 cents was paid.

Mining in lower grade areas of the Keweenaw Peninsula is a surprise in following the minerals record of the past 10 years.

The last statement hardly comes as a surprise in following the

minerals record of the past 10 years.

Kerr Addison has paid dividends for 37 years and last year maintained its payments at 50 cents.

In the second half of this year it expects to reap the benefit of investment in Agnew Lake Mines.

Shadow II during February has caused a delay in the car programme.

Demand for zircon shows no significant change from the de-

velopment. Mining in the Williams River area will each have 27.5 per cent. Bechtel and Boeing will each have declined following the buoyant conditions of 1974.

Inveresk growth under review

Total overdraft facilities at early date to consider these resolutions in conjunction with additional resolutions.

These provide for an increase in the rate of dividend payable on the Preference Shares from 5½ per cent. net to 7½ per cent. net with effect from November 1, 1976, and a change in the redemption date of the Preference Shares from 1982-1987 to 1980-1983.

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AND DEALS

ORTHWICK plan to resolve FMC dispute

which could resolve the 1976, and the report was to have been completed by April 7. The meat company, with the reporting period has now been extended to day by the NFTC and Trust, which holds the International meat which is now bidding for reference.

WHITEHOUSE/MIDLAND

NORTHERN TRUST

The directors of George Whitehouse (Engineering) and their advisers Deloitte and Company are unable to recommend any particular course of action to shareholders in the light of the £250,000 bid from Midland Northern Trust, which together with associates has a 30.8 per cent holding.

The Board itself will not accept and in addition, Mr. Norman Whitehouse, former joint chief executive of Whitehouse, who has been paid £30,000 compensation for loss of office, does not consider the offer to be a fair one.

It was the sale by Mr. Whitehouse and wife of 26.3 per cent. stake in Whitehouse for £50,000 a share in February that provided the springboard for MNT and its associates, which presently held 24.3 per cent, to assume control and launch a similar cash bid for the remaining shares.

Among the factors which should affect the decision of shareholders, according to Deloitte are: the fact that it is too early to make a profit forecast for the current year (up to June 30); Whitehouse's shares, which had been quoted at 10p since September 1976, net asset value at July 3, 1976 was 23p; it may not be feasible to maintain the listing for Whitehouse's shares despite the stated intention of MNT to endeavour to do so.

FAGS/DELTEC AND LET

Delta Trust and LET investments now hold 49.2 per cent of Fags (representing 45.68 per cent of the votes) and 34.21 per cent of the Preference shares of Antofagasta (Chile) and Bolivia Railway Company, and their offer has been extended until April 1, 1977.

MAURICE JAMES

Maurice James, currently the object of a bid from York Trust for the 27 per cent, not already owned by York, has said its 25.4 per cent holding in Colmore Investments to T. Cowie, the motor vehicle dealers and credit finance group, for £161,000.

The consideration is £101,750 in cash and 203,500 shares in T. Cowie equivalent to 15.8p a Colmore share with T. Cowie at 29.

Maurice James recently paid out £65,700 for a 23 per cent stake in Tranwood Group.

CCH INVESTMENTS

A resolution requiring the shareholders of CCH Investments to approve the sale of the company's 30 per cent stake in Gold Case Travel for a £45,880 consideration to J. Lyons was unexpectedly withdrawn at yesterday's extraordinary general meeting which have called for outside specialists.

Mr. Gordon Currie, the CCH chairman, announced that an approach had been received in the morning's post from a third party

which was interested in acquiring the Gold Case stake at a higher price than the Lyons offer. Mr. Currie said last night that the company was a large British quoted company in the travel business but he declined to elaborate. He said that Lyons was not willing to increase its offer. A further announcement will be made before the end of April. It is believed that the new offer for the Gold Case stake is in excess of £500,000.

ICFC has a 26 per cent stake in Gold Case.

CARLIOL & TYNESIDE MAY MERGE

Carliol Investment Trust and Newcastle Investment Trust, two Newcastle-based trusts, which share the same management, are considering a merger. If the proposal goes through, it will create one trust with net worth of approximately £27.2m.

It was the sale by Mr. Whitehouse and wife of 26.3 per cent. stake in Whitehouse for £50,000 a share in February that provided the springboard for MNT and its associates, which presently held 24.3 per cent, to assume control and launch a similar cash bid for the remaining shares.

A merger would make very little difference to shareholders who will hold shares in a larger trust with the same portfolio. The share price is expected to remain on the same level of discount as the two separate trusts.

The move is designed to save on administration costs and to avoid duplication. Carliol shares eased 1p to 100p and Tyneside lost 1p to 97.5p.

LONRHO/DUNFORD & ELLIOTT

Lonrho announces that acceptances for its offer for Dunford and Elliott have been received from 1,971 shareholders in respect of 8,144,758 Ordinary shares comprising respectively 75 per cent. of the holders and 83.5 per cent. of the Ordinary shares in respect of which its offer was made.

Acceptances of the offer for Preference shares have been received from 867 shareholders in respect of 1,912,588 Preference shares comprising respectively 83 per cent. of the holders and 86.0 per cent. of the Preference shares in respect of which its offer was made.

Accordingly, Lonrho will in due course compulsorily acquire the balances of the Ordinary and preference shares. In the meantime, both offers remain open until further notice.

BCA/NATIONWIDE

British Car Auctions, which currently owns or has received acceptances for 42.4 per cent. of Nationwide Leisure, following 5.2 per cent. withdrawals last week, is inviting shareholders who have already accepted the offer to sell their Nationwide shares to BCA for cash.

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BCA points out that if the offer for Nationwide does not become unconditional by April 10, the final closing date of the offer, it will be unable to issue its own shares in exchange for Nationwide shares.

As known, the cash offer is on a first come first served basis up to a limit of 350,000 shares. The cash payable will be equivalent to one-third of the market value of BCA's shares subject to a maximum of 10p.

CU/EHIT DETAILS

The official document containing details of Commercial Union's offer for Estates House Investment Trust, the group that was formed out of the 19 companies that once represented the interests of Sir David Lowson, has been sent out to shareholders.

The Estates House Board, together with financial adviser Hill Samuel, are recommending the terms of the offer for 231 CU Ordinary for every 100 Estates House, which is cash underwritten at 114p per CU share. The offer closes on April 18.

Mr. Peter Hayman, chairman of Estates House, tells shareholders in an accompanying letter that the proposals from CU "provide a considerable and attractive outcome for all classes of capital and for all shareholders of EHIT and the alternatives which EHIT could implement unilaterally."

The advantages lie in the value of the offer, in the speed with which they would be effected, and in the fact that the whole proceeds would be received in one lump sum.

The document reveals that Estates House has provided around £90,000 in respect of terminal payments to directors and the 12 staff of Estates House, and the 12 staff of Estates House.

It is proposed that Mr. Harrison Cripps and Mr. Peter Hayman should be paid sums of £20,000 and £15,000 respectively.

The net tangible assets of Estates House at February 28, 1977, stand at £41.6m. and net asset value at £34.66 per share.

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MORAN GROUP

Christopher Moran Group is acquiring Redgrave and Everington, underwriting agents at Lloyd's, for £245,000 of which £132,300 cash £87,500 satisfied by the offer for 145,382 Ordinary shares on completion and £15,000 cash £29.

A pro forma statement of the net assets of Commercial Union after the acquisition of Estates House shows net assets at £401.4m. on 114p per share.

GUINNESS HAS 66.83% OF WCB

Arthur Guinness, whose contested take-over offer for White Child and Beney closed last Friday, has ended up with a stake of 66.83 per cent. in WCB. At the time the offer was made in January, Guinness had a holding of over 44 per cent.—most of which was the legacy from an earlier bid to take control of the company in 1974.

During the period of the offer, Guinness acquired a further 164,800 shares and acceptances amounted to 1,303,817 shares.

The Guinness bid was forcibly contested by Mr. Richard Beney, the chairman, though according to the latest accounts friendly

Sketchley withdraws offer for Johnsons

Sketchley, whose take-over bid for rivals Johnson Group Cleaners lapsed automatically last week following its reference to the Monopolies Commission, has now decided to withdraw altogether. Sketchley said that irrespective of the outcome of a Monopolies report, "it is incompatible with the best interests of Sketchley to accept the period of uncertainty implicit in such an investigation."

The bid was strenuously opposed by the Board of Johnson which argued that such a merger would mean higher prices for the public and that the combined group would have over 39 per cent. of the dry cleaning market compared with Sketchley's estimate of 22 per cent. Sketchley vigorously denied these suggestions.

The Monopolies Commission investigation will now almost certainly be dropped, though this decision will have to come from Mr. Roy Hattersley, the Secretary of State for Prices and Consumer Protection.

Sketchley says that its decision to drop the acquisition was influenced by the need to acquire quickly additional capacity for its expansion in the field of industrial workwear and that it could not wait to acquire the required capacity from Johnson in view of the reference.

Yesterday's statement was accompanied by news that Sketchley has secured a contract worth £70,000 per annum from Ford Motor Company to supply over 50,000 employees with industrial clothing.

NEW OFFSHOOT FOR SIMON FOOD

Simon Food Holdings has formed Simon Food Engineers to provide a general engineering and contracting service specifically for the food and agriculture industries.

It will take responsibility for complete projects, including feasibility studies, detailed design, procurement of hardware, construction and commissioning.

A PRO FORMA STATEMENT

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100% Report on 92nd Annual General Meeting 28th March 1977.

Despite the adverse financial conditions prevailing throughout 1976, the Huddersfield & Bradford Building Society at their Annual General Meeting held on the 28th March, 1977, were able to announce an increase of £42 million in their assets, bringing the total figure to over £414 million and representing a growth of 11.3 per cent for the year.

General Reserve increased by almost £3 million to £15.3 million, representing a ratio of 3.69 per cent of total assets and liquid funds amounted to

£1,000,000. The Annual General Meeting held on the 28th March, 1977, was attended by Mr. Geoffrey R. Turner, President of the Society, who said that these were encouraging figures in the present economic climate and he thanked the executives and staff for their service throughout the year and expressed appreciation to the Society's agents, valuers, solicitors and bankers for their continued support.

Huddersfield & Bradford Building Society
Head Office: Permanent House, Westgate, Bradford BD1 2AU Tel: Bradford 34822 (STD 0274). Member of the Building Societies Association. Authorised for Investment by Trustees. Assets now exceed £400,000,000.

Who just won a U.S. competition for a military helicopter with great potential for European sales?

Operating profit up 48.2%

Earnings per share up 71.1%

Sales increased by 31.1% to £484.25 million, while operating profit on these record sales rose by 48.2% to £51.43 million. Exchange differences for the year gave a benefit of £4.22 million compared with £0.71 million in 1975, and these are a factor in the percentage increase in earnings, which are shown below both before and after exchange differences. Earnings of the Group in 1976 were £28.11 million, an increase of 71.6%. In 1976 Reckitt & Colman made 77.0% of its sales overseas, and 82.1% of its operating profit from these sales. Exports from the United Kingdom were up by 41.4% to £27.14 million, and operating profit on these exports was £4.30 million. The company reduced further its total net borrowing by £1.26 million to £2,84 million.

This was achieved after applying £10.35 million to the acquisition of businesses, and £2.21 million in additions to fixed assets. A new pharmaceutical factory is due for completion in Hull by the end of 1977, and two new prescription products are being considered by the Committee on Safety of Medicines. A joint venture is being established in the USA to market these and other Reckitt & Colman pharmaceuticals. All areas of the world performed well, with outstanding progress in profit in Europe and Latin America, and good growth elsewhere, despite the poor economic climate in some important areas. Although in the UK operating profit on domestic sales showed a good recovery, profit margin was still below the average for the Group as a whole.

	Sales and operating profit 1975-76		Operating Profit 1976 £m	1976 £m	1975 £m	1975 % of total
	1976 £m	1975 £m				
United Kingdom domestic export	138.73 37.14	112.42 19.20	13.67 4.30	8.10 1.81		
UK domestic	111.59 76.79	93.32 55.84	23.0 15.1	6.47 3.57	17.9 14.6	18.2 16.5
Europe excluding UK	214.15 98.77	172.40 82.40	23.4 22.3	8.26 5.87	15.7 12.5	16.5 15.6
North America and Asia	98.00 43.06	82.00 35.68	20.6 8.9	6.28 3.74	21.2 12.6	21.5 18.5
Africa	2.80 1.06	2.00 0.66	0.7 0.2	0.68 0.24	1.1 0.4	1.1 0.5
Latin America	38.80 22.00	39.00 29.00	8.0 5.0	6.42 3.73	12.2 7.3	12.5 10.5
	484.25 106.0	369.26 100.0	51.1 10.47	35.62 8.10	100.0 100.0	100.0 100.0
Corporate interest & expenses				(



Allied Bank International

116 East 55th Street, New York, N.Y. 10022

CONSOLIDATED STATEMENT OF CONDITION, December 31, 1976

ASSETS	
Cash and due from banks—demand	\$93,808,697
Due from banks—time	86,598,471
Investment securities at cost, which approximates market	1,584,298
Federal Funds sold	13,000,000
Total loans and discounts	553,918,589
Less participations	158,738,153
Less reserve for possible loan losses	395,180,836
Net loans and discounts	3,681,926
Customers' liability under acceptances	391,498,910
Bank premises, leasehold improvements, and furniture and fixtures	12,463,467
Accrued interest receivable	1,915,008
Other assets	6,825,666
	2,868,174
	5610,562,691
LIABILITIES AND STOCKHOLDERS' EQUITY	
Demand deposits in domestic offices	\$187,551,914
Time deposits in domestic offices	1,381,053
Deposits in overseas offices	342,892,586
Total deposits	531,915,553
Borrowed funds	16,000,000
Acceptances outstanding	41,099,133
Less held in portfolio	28,635,666
Accrued interest payable	12,463,467
Accrued taxes and other liabilities	4,531,367
Stockholders' equity:	2,804,860
Capital stock, par value \$750 per share	27,000,000
Authorized 40,000 shares; issued 36,000 shares	9,252,540
Paid-in surplus	6,421,904
Retained earnings	
Total stockholders' equity	42,947,144
	5610,562,691

BOARD OF DIRECTORS

Chairman of the Board	C. MALCOLM DAVIS
Chairman	Fidelity Union Trust Company Newark, New Jersey
Vice Chairman of the Board	W. WRIGHT HARRISON
Chairman and Chief Executive Officer	Virginia National Bank Norfolk, Virginia
Vice Chairman of the Board	J. W. MCLEAN
Chairman and Chief Executive Officer	The Liberty National Bank and Trust Company of Oklahoma City Oklahoma City, Oklahoma
President and Chief Executive Officer	RICHARD A. MELVILLE
	Allied Bank International New York, New York
FRANK E. MCKINNEY, JR.	Chairman and Chief Executive Officer American Fletcher National Bank and Trust Company Indianapolis, Indiana

CHARTERED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

CARLETON M. STEWART	Chairman and Chief Executive Officer American Security Bank, N.A. Washington, D.C.
JOHN T. CATER	President Bank of the Southwest, N.A. Houston, Texas
M. A. CANCELLIERE	Chairman EquiBank, N.A. Pittsburgh, Pennsylvania
CHARLES M. HOLLAND, JR.	Vice President First Hawaiian Bank Honolulu, Hawaii
PAUL W. MASON	Chairman and Chief Executive Officer The First National Bank of Fort Worth Fort Worth, Texas
C. C. BARKSDALE	Chairman and Chief Executive Officer First National Bank in St. Louis, St. Louis, Missouri
CLARENCE G. FRAME	President and Chief Executive Officer The First National Bank of Saint Paul St. Paul, Minnesota

CULLEN KEHOE	President First Tennessee Bank, N. A. Memphis Tennessee
ROBERT L. NEWELL	Chairman and President Hartford National Bank and Trust Company Hartford, Connecticut
EDWIN BARNES	Chairman of the Executive Committee Michigan National Bank Lansing, Michigan
C. A. McNAIR	President Trust Company Bank Atlanta, Georgia
JOHN D. HERSHNER	Chairman and Chief Executive Officer United Bank of Denver, N.A. Denver, Colorado
T. S. PRIDEAUX	Vice Chairman United States National Bank of Oregon Portland, Oregon
GILBERT F. BRADLEY	Chairman and Chief Executive Officer Valley National Bank of Arizona Phoenix, Arizona

An international banking network of branches, representative offices and subsidiaries, with more than 1,200 correspondents in 102 countries.

LLOYDS BANK INTERNATIONAL

40/66 Queen Victoria St, London EC4P 4EL Tel: 01-248 8822

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LBI, the Bank of London & South America and their subsidiaries have offices in: Argentina, Australia, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Guatemala, Guernsey, Honduras, Hong Kong, Iran, Japan, Jersey, Malaysia, Mexico, Monaco, Netherlands, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom, U.S.A., U.S.S.R., Uruguay, Venezuela.

INTL. FINANCIAL AND COMPANY NEWS

Swire consolidates its property

BY OUR CITY STAFF

SWIRE PACIFIC's property subsidiary, Swire Properties, is planning to buy out the minority shareholders in its 50.8 per cent. owned subsidiary Swire Cheung, the Hong Kong property group, and to seek a listing for its shares within the next three months.

The consolidation of the group's property interests into a single quoted company, to be achieved initially by an exchange of Swire Properties' shares for the 48.2 per cent. of Swire Cheung not already owned, has been on the cards for some time.

Swire Properties was formed in 1972 as a vehicle for the re-

development of the 4.4m square feet in Hong Kong's main water-

side district which was surplus to the needs of companies within the Swire group. The scheme, initiated in 1974, is expected to take a further eight years and consists mainly of residential development.

Control of Swire Cheung is with the combined earnings of Swire Properties and Swire

Properties' 50.8 per cent. shareholding company is the Hutchison International group.

Observers in London estimate that the new company will be in the region of HK\$650m.

Swire Properties' market capitalisation of some 25 per cent. of HK\$150m. and it has a 25 per cent. of the company developing the new company.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

J.P. Morgan

Dresdner reports decline in operating profits

By HAWTIN

FRANKFURT, March 28. DRESDNER profits declined, total had fallen back by about things considered, 1976 DM2.7bn, while the business for the year for the Dresdner volume was down DM1.6bn, and according to Herr Jürgen the credit volume had fallen by DM300m.

Earnings have shown the decline to forecast the movement in the first two likely dividend outcome for 1977.

The reform of corporation tax made predictions at this stage in the year completely impossible, said Herr Ponto.

Last year had been marked by a decline in demand for commercial and industrial credit; on the one hand, and increased demand from the public sector and private customers on the other, he said. Against this background, the bank's balance sheet total had risen by 11.1 per cent to DM53.9bn. (F13.15bn.) and the new business volume had increased 10.3 per cent to DM54.1bn. (F13.34bn.) Net profits rose from DM194m. to DM218m. (F53.2m.)

International business contributed some DM16bn. (F3.9bn.) to the bank's turnover and played an increasingly important role in this, the balance sheet in the group's activities. The profit had increased, account had increased, to 16.4 per cent to DM2.83bn.

Hoechst changes sales mix overseas sales rise

By HAWTIN

FRANKFURT, March 28. WEST Germany's result of a placement of several large contracts. Without the domestic market share during overseas demand, however, is to show an even improvement.

few years ago, the activities were largely limited, but since the industry's prolonged Hocbief, like many of West German competitors, has been playing an important role in national construction

overseas turnover is home market sales, turnover went up by 25 per cent but the growth came from abroad.

In 1976 totalled (F692.7m.). Home use has 5.8 per cent to while overseas turnover ahead by a full 50

DM1.18bn. (F1.27bn.)

While Preussag has declined in its order book state, how much it paid for the change of ownership, it is understood

even more dramatically at the end of 1976, it

14.4bn. (F1.07bn.) with others amounting to

1.435bn. For Preussag, the major West German metals and engineering group,

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Who has increased sales by 155 per cent over the last 5 years?



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10 Old Jewry,
London, EC2R 8EA

Profit of £1.8m. at Saudi Bank

By Michael Blanden

SAUDI INTERNATIONAL Bank, the London-based consortium group backed by the Saudi Arabian Monetary Agency (SAMA), reports pre-tax profits of £1.79m. for its first year of operations.

Customers' deposits rose group's business volume had grown by 15 per cent, to over DM20bn. Some DM20bn. (F4.85bn.) of this came from the group's holdings in the mortgage bank sector, while DM12bn. had been generated by Dresdner's Luxembourg subsidiary.

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